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2 September 1983

WEST EUROPE REPORT

No. 2198

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PAPER COMMENTS ON SDP'S, OLESEN'S STAND ON EUROMISSILES

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 83 p 8

[Editorial: "Not the Right Man"]

[Text] Former Foreign Minister Kjeld Olesen thinks the place of honor in the so-called nonsocialist press will be given to the Social Democrats who have taken the initiative in reacting against their party's foreign and security policy. This initiative has been taken so late--perhaps even too late--that it is unlikely to have much effect on the party's policy. Therefore instead of reporting it in glowing phrases, it seems more justified to look at the former foreign minister's statements. In his rejection of the actions of the protesting Social Democrats, Kjeld Olesen has revealed some ideas for which he should be held accountable.

In the newspaper AKTUELT, Kjeld Olesen presented some fundamental views of what he stands for. They can be summed up like this:

The former foreign minister wrote that there is no vacillation at all with regard to NATO membership. He added that for this reason, security policy cannot be built up together with Radical Liberals, Left-Socialists and members of the Socialist People's Party. He stated that there could be no doubt that Denmark would contribute its share to mutual defense. And he wrote that an effort should be made to make the cooperation with the United States as full of trust as possible.

These viewpoints are so simple and clear in their extension of the policy that has been the basis of the broad agreement on Danish policy since 1949 that one cannot find any reason for the current clash between the Social Democrats and the government. But the crisis is a fact and it can only be explained by saying that the Social Democrats are not living up to the stand proclaimed by the former foreign minister in such glowing terms. The facts testify against Olesen.

It is a fact that the Social Democrats in Folketing have based a concrete security policy position on accommodating the policy represented by the Radical Liberals, Socialist People's Party members and Left-Socialists. It cannot be denied that the Social Democrats have refused to help pay for

the modernization of NATO's defense system. Neither can it be denied that the party's attitude does not express any sympathy for fellowship with the United States; on the contrary they have taken exception to American policy time after time. What does that leave of the unshakable declaration of confidence in Atlantic policy?

Kjeld Olesen's fundamental position is riddled through and through by the actions of his party. He has not provided any tenable reasons for these actions and of course that makes it hard for him. He is in a bind because he himself as foreign minister helped to pursue a policy that lived up to the commitments that are obligatory to the parties which agreed on bringing Denmark into the Atlantic Treaty Organization. Kjeld Olesen is not the right man to be shocked by the actions of his protesting party colleagues.

6578

CSO: 3613/180

CONSERVATIVE PAPER CHALLENGES SDP TO 'DOCUMENT' TF ASSERTION

Copenhagen BERLINGSKE TIDENDE in Danish 7 Aug 83 p 10

[Editorial: "An Answer is Requested"]

[Text] It is necessary to ask to see some documentation. Otherwise this is a case of the Social Democrats practicing political deception on the public and that would be a serious strain on their opportunities to resume the leadership of this country, both internally and externally.

It has been demanded that the Social Democrats present irrefutable proof that they are right when they claim that the current stand they have on foreign and security policy is the consequence of ideas they had back when they were running the government. Recently both Anker Jorgensen and Lasse Budtz--one a major and the other a minor figure in the party hierarchy--have told the public that their attitude toward the missile problem is in accord with views the party also held when it was running the government. When the Social Democrats oppose the policy backed by the government and thus bring the agreement on the nation's foreign policy that has existed for years to the point of breaking, this according to these recent statements is a natural consequence of the policy they have had all along. This news is so startling that it must inevitably lead to a demand that it be substantiated by the presentation of material that could document its correctness.

It will not be enough to point to the wish, repeated so often through the years, that any negotiation opportunity between the superpowers be utilized, that no contact should be broken off and that every talk be useful. Everyone has always agreed on that. No, this specifically concerns the position of the then Social Democratic government on European missile defense. It is well known that the Social Democrats worked in NATO to have the decision on deployment postponed for 6 months. But it is also well known that they did not succeed in accomplishing this, that they therefore took part in the decision and that they later stood by the decision as a government. On 22 May 1980, Lasse Budtz said in Folketing that a freeze should be a prerequisite for true negotiations. And Kjeld Olesen stood by the decision, pointing out that the Soviet Union had not stopped its missile production. On 27 October 1981, Kjeld Olesen stated that "we are in

the situation that it is the Soviet Union that determines the extent of NATO's modernization program through its attitude. We hope to make that quite clear with NATO's dual decision." Those are examples of what Folke-ting and the public have heard.

It is imperative to find out if the Social Democrats meant something besides what they said when they were running the government. It is necessary to know whether they acted contrary to their own convictions. Since Lasse Budtz never managed to become a cabinet minister--and since it is hard to take him as seriously as the subject demands--it should be Anker Jorgensen himself who presents the necessary documentation.

6578

CSO: 3613/176

MINISTRY REPORT FORECASTS INCREASED DOMESTIC FUELS USE

Helsinki HELSINGIN SANOMAT in Finnish 4 Aug 83 p 22

[Text] The use of domestic fuels will have considerably increased by the middle of the next decade.

According to a Ministry of Commerce and Industry estimate, the annual volume of domestic fuels used in 1995 will already be the equivalent of 6.1 million tons of oil. This is well over a third more than the volume used in 1981, which was equivalent to 4.3 million tons.

According to a report prepared by the ministry, in 1995 we will be able to produce domestic fuels equivalent to 10.6 million tons of oil. This is clearly more than the amount of domestic fuels it is estimated we will be using at that time.

Production potential is greater than the outlook for consumption for all domestic fuels except wood scraps, liquid waste and caustic sodas. According to the report, their production and consumption estimates for 1995 are in balance.

Estimates of consumption vary according to how it is estimated that the price ratios of the different fuels will change. The estimated use ratio of 6.1 million tons will be realized if current fuel price ratios prevail.

If the price of oil substantially rises, [domestic fuel] use may increase to a volume equivalent to 7.5 million tons. If, on the other hand, oil gets markedly cheaper, domestic fuel use may remain at a volume equivalent to 4.2 million tons of oil.

Estimates of production and use potentials are based on an annual industrial production growth rate of 3 percent. In the report it is not assumed that currently used coal and natural gas will be replaced by domestic fuels.

Consumption in 1995 would be distributed such that 59 percent of domestic fuels would be used in industry, 18 percent for remote heating and 23 percent for heating homes.

The report includes as fuels to be adapted for different purposes: peat, firewood and saw flower chips, lumber industry wood scraps, liquid waste and caustic sodas, solid community waste, waste water and sludge as well as straw.

Production and Use Potentials for Domestic Fuels in 1995

	(3)	4	5	6	7	8	9	10	11	12	13	14	15)
	Uusimaa	Turun ja Pori	Ahvenanmaa	Uusimaa	Kymen	Mikkeli	Pohjois-Karjala	Kuopio	Keski-Suomi	Vaasa	Oulu	Lapin	Yhteensä
Tuotanto- potentiaali, Mtoe (1)	0.4	1.2	0.0	0.7	1.2	0.5	0.7	0.7	0.8	1.9	1.9	0.9	10.6
Käyttö- potentiaali, Mtoe (2)	0.3	0.5	0.0	0.6	1.1	0.3	0.4	0.5	0.5	0.7	0.8	0.6	6.3

Kuopio: pohjois-Karjala: Kuopio: ja Käyttöpotentiaali: Vuonna 1995 Mtoe = miljoonia tonneja öljyä

Key:

1. Production potential, in millions of tons of oil.
2. Use potential, in millions of tons of oil.
3. Uusimaa.
4. Turku and Pori.
5. Åland.
6. Häme.
7. Kymi.
8. Mikkeli.
9. Pohjois-Karjala.
10. Kuopio.
11. Keski-Suomi.
12. Vaasa.
13. Oulu.
14. Lapland.
15. Total.

11,466

CSO: 3617/162

BRIEFS

EKOFISK PRODUCTION BEING INCREASED--The Norwegian government is backing the British Energy Ministry's recommendation to oil companies that they fully exploit their concessions in the North Sea. It also approved 2 billion pounds in tax relief for the purpose of stepping up the production in the Ekofisk field. Ekofisk covers 57 percent of Norway's oil consumption as well as bringing in substantial amounts of foreign currency. A consortium of nine companies, led by Phillips Petroleum, is responsible for production. The tax relief will enable the consortium to proceed further with a plan to pump in water, which should increase production. The plan should produce another 190 million barrels of oil from the Ekofisk field. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 83 Sec III p 4] 6578

CSO: 3613/180

FOREIGN DEBT EXPECTED TO EXCEED 180 BILLION KRONER BY END OF 1983

Copenhagen BERLINGSKE TIDENDE in Danish 16 Aug 83 Sec III p 4

[Article by Frank Dahlgaard]

[Text] By the end of this year, Denmark's total net foreign debt will exceed 180 billion kroner.

That is an increase in the debt of at least 25 billion kroner in 1983.

This means that the foreign exchange debt will exceed 35,000 kroner per Dane by the end of the year. At the beginning of the present year, the Danish foreign debt was "only" 155 billion kroner, corresponding to around 30,000 kroner per inhabitant.

These bleak figures were presented by the economists at the Cooperative Bank in the bank's latest orientation publication.

The background of the sharp growth in the foreign debt is the skyrocketing climb of the dollar.

The Cooperative Bank economists write that foreign debt is being appreciated by around 10 billion kroner solely as a result of the increase in the exchange rate of the dollar from 8.35 kroner at the beginning of the year to 9.50 kroner. (Since then the dollar has risen even further, making the exchange rate above 9.70 kroner per dollar.)

In addition to that is the current balance of payments deficit of around 13 billion kroner this year. Together with a number of other shifts in the exchange rate, this brings Denmark's total net debt to other countries up from 155 billion to more than 180 billion kroner in the course of 1983.

The Cooperative Bank revealed, on the other hand, that the high exchange rate of the dollar improved Danish business competitiveness and export opportunities, but this positive effect will have a gradual impact on the Danish economy initially.

6578

CSO: 3613/180

STRONG INCREASE NOTED IN LONG-TERM UNEMPLOYED

Copenhagen INFORMATION in Danish 11 Aug 83 p 2

[Text] Almost everyone receives a job offer.

The number of registered long-term unemployed has risen dramatically. From the first quarter of 1982 to the first quarter of this year, the increase was 23 percent, as shown by a new statement from the Work Directorate. In the first quarter of this year, about 16,200 long-term unemployed were registered, or about 3,000 more than last year.

Ninety-five Percent Placed

About 15,500, or 95 percent, were placed in a job offer, while only about 700 were not placed. The percentage of placement has risen from 91 in the first quarter of last year.

The increase in long-term unemployment has hit mainly men, who now make up 51 percent of the long-term unemployed as opposed to 46 percent a year ago, and the age group 40-49 has had the relatively largest increase of 34 percent. Most of the long-term unemployed, a good 7,500, are still between 25 and 39 years old, however, followed by young people under 25, of which a good 3,500 were long-term unemployed in the January quarter.

One Third in Special Workers Fund

A third of the long-term unemployed belong to the special workers fund, but 17 percent are manual laborers, and 11 percent belong to the female workers fund. Particularly large increases in the funds for "other functionaries," including the metal workers fund and the funds within the construction trades with 53, 48, and 34 percent more long-term unemployed respectively.

The regions of Bornholm, Vestsjaelland, Ringkobing, and Arhus have had the largest increases with 65, 61, 40, and 37 percent respectively in comparison with last year.

Job Offers

About a fourth of those placed have received private job offers. About 1,100, or 39 percent, have been placed privately, while the number placed in state institutions has risen by about 700, or 58 percent. The increases are lower in the counties, and lowest in areas where a good half of the job offers continue to come from.

The Work Directorate predicts a further increase in the number of long-term unemployed in 1983 to about 63,000, of which 59,000 will be placed within the job offer arrangement. The earlier estimate from spring, 1983, was for about 60,000 long-term unemployed, of which about 55,000 would be placed.

9124

NO: 3613/179

LOCAL GOVERNMENTS HARD HIT BY CUTS IN FUNDS FROM DENMARK

Copenhagen LAND OG FOLK in Danish 29 Jul 83 p 3

[Article by Erik Andersen]

[Text] The Association of Local Governments has had to train many Greenlandic bill collectors to collect money more efficiently.

The reason is that there are many people in arrears with their municipal taxes. Now something must be done about that. For this reason, laws have been passed in Greenland making it easier to put a lien on people's property.

Created Bitterness

Now it remains to be seen whether or not such liens will help raise money. Many Greenlandic families already are hard hit by the past two winters, which have been called catastrophic.

The severe winters have been especially hard on fishing. They also have caused major problems for Greenlandic sheep farmers. As a result, there has been an extra burden on local treasuries, which have been forced to pay far more in social benefits than the sums allocated in the budgets of local governments.

On this background, the Danish government's arbitrary cuts in block grants to local governments in Greenland will be particularly painful.

The government's action is all the more deplorable because the government did not take the trouble to inform the local Greenlandic governments of the cuts. The Greenlandic authorities had to read about them in the newspapers!

This gave rise to bitter comments last month when the Greenlandic Association of Local Governments held its annual congress in Godthaab.

Another factor that has aggravated the situation for local Greenlandic governments is the redistribution of responsibilities. This has resulted in 50-percent higher expenditures since 1980, while subsidies to the local governments have increased by only 41 percent during the same period.

Change In Power

The congress of the Association of Local Governments also demonstrated a marked shift in the balance of power. Since the most recent local elections in Greenland, there are only four mayors in Greenland from the Atassut Party [centerist party favoring close ties to Denmark], compared to nine before the election.

They are supported in the association by two independent mayors who are close to Atassut, but they are opposed by Siumut [moderate leftist party favoring greater local autonomy] majorities in 12 municipalities.

This means that Siumut controlled 12 of the 18 votes at the congress. This was enough for Siumut alone to change the association's bylaws.

And this is precisely what was done. The association decided to hire a full-time president with an office in Godthaab. At the suggestion of Siumut, Anders Kielsen of Frederikshaab was chosen.

In addition, Siumut appointed three members of the five-member board of Kanukoka, which is the Greenlandic name for the association.

They were Adam Dahl of Holsteinsborg, Karl Moller, the mayor of Uummannaq, and Ove Berthelsen of Godhavn.

One problem the new board will attempt to solve is the extremely unbalanced distribution of the tax burden in Greenland. There is a 16-fold difference in the tax yield from the richest and the poorest municipalities in Greenland. An attempt probably will be made to equalize the burden.

9336

CSO: 3613/175

YASA ON NEED TO RESTRUCTURE ECONOMIC POLICY

Istanbul CUMHURIYET in Turkish 10 Jul 83 p 9

[Interview with economist Memduh Yasa by Osman Ulagay; date and place not given]

[Text] Memduh Yasa was born in Siirt in 1919. After completing the Istanbul Faculty of Economics, he gave his doctoral dissertation in 1946 and became a professor in 1960. Now head of the Financial Research Center of the Istanbul Faculty of Economics, Professor Yasa is also president of SISAV [Foundation for Political, Economic and Social Research]. In addition, Professor Yasa has served on the boards of directors of various press, banking and industrial organizations. Professor Yasa has published a number of works on economic and financial topics.

Question: The 24 January decisions have become a controversial topic again recently, with debate centering in particular on who the architect of these decisions was and how they were adopted. Moreover, there are differing opinions on the nature of these decisions. What is your assessment of this topic, Mr Yasa?

Yasa: Well, sir, if you recall, the 24 January decisions were not decisions that Turkey adopted willingly, because it wanted to. Indeed, that is why it took something like 2 years to get these decisions adopted. The government changed three times during those 2 years, but that decision-making process continued. Finally, these decisions were presented as a package of measures at the time of the JP minority government. All of this goes to show that these decisions were not a matter of any one government's having presented or formulated a specific economic policy, but were adopted as a matter of Turkey's wanting certain things from abroad and accepting the conditions they imposed. They were, in addition, a package of measures compatible with Turkey's interests under the circumstances of the time, in my opinion.

[Question] Were these typical stabilization measures, in your opinion, or did they have other features?

[Answer] I think these decisions were a stabilization package, measures deemed imperative for getting an off-balance economy back on track. They contained major and secondary measures, but all constituted a whole and aimed for the goal of stabilization. What had gone wrong? First of all, price stability had deteriorated, inflation was out of hand and, second, the balance of payments had

deteriorated such that Turkey had reached the point where it could not meet its foreign exchange payments, make imports or supply its needs. For this reason, the measures had the priority goal of checking inflation and procuring new foreign exchange inputs from abroad. Another goal was that over time the Turkish economy should reach the point of creating foreign resources. Now, measures of this type have been adopted in other countries before us and after us. The main feature of these measures applied in Turkey and other countries under IMF patronage is that they are conjunctural. That is, you take an economic policy as input and make certain adjustments without touching the base. I believe this is where the diagnosis error occurs in Turkey.

[Question] What kind of diagnosis error?

[Answer] When the distortion in the economy became so conspicuous in Turkey in 1977, it was not the first time it had occurred. Turkey had experienced this kind of distortion three or four times before and had sought to correct it with similar measures. Why was this? In my opinion, the economic distortion in Turkey was not the result of conjunctural events, but conjunctural events only made it worse. Oil prices, for example, add momentum to events such as crisis in the world economy, but they are not the true cause of the distortion. The true cause is rooted in the structure of the Turkish economy and in the errors in economic policies applied.

[Question] What are the basic errors and aberrations in the economic structure here now and in the economic policies applied, in your opinion?

[Answer] For one, I think industrialization was set on the wrong foundation in Turkey. The industrialization movement in Turkey began in the 1930's when there was a strong world tendency towards economic self-sufficiency. This "autarchy" later changed its name in Turkey and became "substitution industry," but the nature of it did not change much. What was expected from substitution industry in Turkey was not the same thing expected from it in other countries. When one said substitution industry in Turkey, it meant that importation of goods produced by that industry was halted, even banned. While the purpose here was to reduce imports, the more we became industrialized the more our need for foreign exchange grew. Moreover, development of other foreign-exchange earning areas was neglected.

[Question] Which areas for example?

[Answer] Foreign-exchange earning branches of industry, agriculture, mining, tourism and other service sectors were neglected. And as long as this was the case, that is, as long as the measures were conjunctural, the results of the measures taken were all temporary and ultimately led us back into more bottle-necks.

[Question] Okay, so don't you think there was any aspect of the 24 January decisions which was intended to change the structure of the economy?

[Answer] I do not think that those who took these measures expected any kind of structural change. I am not saying this to accuse anyone, but the planners and implementers of these measures were the same people who planned and implemented

the post-1965 industrialization programs in Turkey. That is, they could not be expected to say their own industrialization programs, or the criteria for these programs, were wrong and, in fact, they have yet to say so.

[Question] There were claims to this effect, meaning that these measures were ones which would bring about structural change in the economy as well...

[Answer] Yes, they say, for example, "We will increase exports with these measures and give Turkish industry an export status." Some of these measures taken along these lines were very successful, but I do not think these measures will change the structure of the Turkish economy. Economic structure does not change by saying the words. If you take some measures to increase exports, your industry is going to start exporting, but it cannot go on forever. You cannot subsidize Turkish industry forever so that it may export. If you try to effect structural change in this way, you will have to wait maybe 100 years. The dollar is worth around 220 liras today but has been made worth 350 liras for the exporter and, despite this large subsidy, there is a question recently of a declining rate of increase in exports. This is because the structure has not changed; industry still has the same old structure. It is impossible for the structure to have changed, anyhow, because there have been no large industrial investments. I repeat, those who adopted the 24 January decisions had not anticipated such a structural change, but were forced to talk that way by later events.

[Question] How do you think structural change can be brought about in the economy?

[Answer] First let me say this: it cannot come about through such indirect and negative measures. We took on tremendous sacrifices to do it by this method, but it did not work. In my opinion, offering this many incentives to increase exports is a kind of protectionism. But a condition of protectionism is that it be temporary. If protectionism is continuous, the exporting sectors cease to rationalize themselves, exactly as our industry did before, and do not bring about this structural change, but, on the contrary, prevent it. Which means that for Turkey to realize structural change, it will have to go more for "structural and total" [in English] measures. In other words, Turkey's entire economic policy must be reviewed. It is necessary to start at the beginning and review all policies from industrialization policy to investment policy to tax policy.

[Question] Do the conditions for this kind of top-to-bottom review and change of economic policies exist in Turkey today, Mr Yasa?

[Answer] I think conditions in Turkey today are extremely favorable for formulating and implementing a new economic policy. For one thing, it has become very difficult to defend the errors made so far and those who would defend them no longer have much influence. Second, a new Turkey is taking shape, the state is virtually being re-established. And economic policies in the newly-established regime can be based on new principles. New parties have the chance to develop new economic policies and they ought to use this chance well. The opportunity must not be missed to review Turkey's needs and to formulate the policies required to meet these needs. Turkey has the know-how and intellectual potential to formulate new economic policies, but the point I would like to make is that

the economists are not in the picture. Since the economists are not in the picture in Turkey, brilliant economic ideas may be discussed, but an integrated economic policy can never be brought forward. People without economic "formation" [in English] try to implement conflicting policies all at the same time. It is very beneficial, therefore, at least to bring the economists into the picture at this time. Even if they are not implementers, it is necessary at least to take advantage of their accumulated expertise in outlining policies.

[Question] Mr Yasa, what should the basic goals be, in your opinion, in a new economic policy?

[Answer] The basic goal in a developing country like Turkey is, of course, growth. The welfare of future generations depends on this. But the growth rate cannot be expected to be too high in the early years because Turkey is still in an inflationary state. This growth has to come about through a set of rational policies. The first would be investment policy. Priorities in investments must be well defined. What I have always thought is that the Turkish economy should become a capitalist economy in the Western sense, but it is not easy. There are many delimitations in Turkey, there are the monopolies, the state monopolies and de facto monopolies. There are full or semi-monopolies in Turkey which the economic policies followed to date have created. Getting rid of them and setting the industrial structure on more rational bases is, I think, prerequisite. The goal must now be adopted of putting every branch of industry on a basis to allow it to respond to foreign competition within a given time. Besides industry, emphasis must go to the sectors whose foreign-exchange earning potential has to date been neglected, such as agriculture, tourism and mining. In addition, the Turkish tax system must absolutely be improved. Taxes in Turkey are, actually, extraordinarily high and the tax system, formidable and intimidating. For example, taxes on wages deter utilization of the work force, deter employment. Their change and improvement are imperative.

[Question] I would like to ask you one final question here: What kind of role do you think the state should play in defining and implementing these new policies?

[Answer] The state, of course, would set the basic priorities, but performance would be through the mechanism of the marketplace. It is prerequisite that the state set the priorities, whether a planned economy or whatever. This is true even in the countries where the most liberal economic policies apply. The state today is no longer the 19th century state. What causes confusion in Turkey today is this: the idea that the state either should not be involved at all or should be involved in everything. This view is unrealistic. The state is involved in the overall fundamentals, the basic goals, and plays or should play a regulatory role at the macro level. On the other hand, it is necessary that the size of the public sector be limited and that the marketplace mechanism be allowed to work more efficiently.

8349

CSO: 3554/367

SCHLUTER IN INTERVIEW DISCUSSES PLANS FOR COALITION, ECONOMY

Copenhagen BERLINGSKE TIDENDE in Danish 7 Aug 83 p 6

[Interview with Prime Minister Poul Schluter by Dan Axel; date and place not given]

[Text] Prime Minister Poul Schluter will not allow a Conservative landslide election victory in a possible fall election--or a later one--to influence the balance of power in the new four-leaf-clover government which he is sure would be the outcome once more.

[Schluter] I would like to put to rest the speculations over the summer that the Conservatives would like to hold an election soon. And I am not a prime minister who is trying to preserve the interests of the Conservative Party in the old-fashioned sense. It is my responsibility to take care of the interests of four parties to the best of my ability. We have been in agreement--and we still are--that the four-party government has the right and obligation to make an effort to retain government responsibility for many years to come.

And when the election comes some day--and let that be at a late date--my position in advance is that the government should preferably have the same composition as it has now. With respect to the distribution of ministers to each party, I would just as soon not see one party win or lose due to declines or advances made by that party. That is the best thing when we have decided to represent a solid team.

Talks

[Question] What are the plans for the upcoming talks with R [Radical Liberal Party] and FRP [Progressive Party]?

[Answer] There are two possibilities and I am open to both. Either we will choose to fix the main lines in an agreement that includes savings cuts and the budget bill, the tax bill, agriculture and everything else on the agenda. Or else we will decide to finish up the work of last spring

with respect to reducing the block grants by 4.35 billion kroner. That in itself is a sensible and necessary decision. Then we could calmly and collectedly deal with the fall work in the right order when the joint opening speech is held on 5 October.

In other words, I am expecting positive and relaxed talks by the government, the Progressive Party and the Radical Liberals between 18 August and 9 September. And I expect these talks to be an analysis and clarification of how we will solve some big problems during the fall.

[Question] Will these talks involve any of the announced tax relief measures?

[Answer] I must admit that I cannot get a Folketing majority to approve a tax rebate of 600 kroner for everyone. The Radical Liberals continue to reject this. But that leaves us with a problem. The government and the Progressive Party want relief of direct taxation. This is a crucial point for the Progressives, of course. And I do not think it will be so difficult if with a little good will we find a meeting ground in favor of an increase in the basic deduction that is serious and objective.

And it is better to provide this in 1984, starting 1 January, than in 1983, when the final bill would not be paid until as late as September.

[Question] What would that cost?

[Answer] The revenue losses for the state must lie within narrow limits. That is necessary in order to guarantee that the 1984 deficit in state finances is even smaller than in 1983. That is difficult to do, because the limitation of the deficit has gone much better than expected.

(Prime Minister Poul Schluter was referring to the record improvement in the balance of payments that is expected this year. The 1982 deficit of 20 billion kroner was reduced to 13 billion this year. And it is expected to decline further to 8 billion kroner next year.)

And since the balance of payments figures are important in foreign analyses of Denmark's economy, this will mean among other things that a lower deficit will give such good marks that we can obtain more profitable loans abroad--something that will unfortunately also be necessary in the years ahead.

In most areas we have come further in the direction of economic and psychological recovery than anyone, including myself, had anticipated. The fight against inflation has succeeded to the extent that we have reduced the usual 10-12 percent annually to around 5 percent. That is due in large part to what we did in the fall and to the union movement's wise and future-oriented stand during the contract negotiations.

(And Poul Schluter had something to say to the foreign exchange speculators who gambled--and lost--large sums on a devaluation of the Danish kronen at the end of last year and the beginning of this one.)

People can be quite sure that the government will continue a firm and stable kronen policy. And we see clear signs that this is also leading to growing investments and general business activity. We want to strengthen that in the fall so that we can eventually insure a decline in unemployment in 1984.

Changing governments in the midst of this positive course of events would be crazy. I still think that the best thing for the country after many years of unrest is to have a normal 4-year election period. An election should be held in the fall of 1985. Another 2 years is what the four-party government needs to complete its work properly.

And there can hardly be any sensible people left who disagree that it is vital for the interests of the nation that the government continues after 9 September. There is no sense in holding a superfluous election that no one wants--and I still regard the four-leaf clover as the only realistic government possibility after an election.

6578

CSO: 3613/176

GLISTRUP THREATENS TO PRESSURE GOVERNMENT FROM JAIL CELL

Copenhagen AKTUEL in Danish 11 Aug 83 p 9

[Article by Bjarne Kjaer]

[Text] The Progressive Party's campaign leader, Mogens Glistrup, who has been sentenced to prison, has not given up the struggle to maintain control over his deeply split party.

Apparently Glistrup now intends to direct both his own party and the government from his cell in Horserød Prison, which will become the campaign director's new residence beginning 31 August.

In the first round, Glistrup has at any rate won a decisive victory over his political opponents in his own party. A victory that can signify a serious threat to the government and a fall election that can end in a catastrophe for the Progressive Party, the Radical Liberal Party, and the three smaller parties in the government -- the Liberal Party, the Democratic Center, and the Christian People's Party.

For the Progressive Party's group chairman, Uffe Thorndahl, and national chairman, V.A. Jacobsen, Glistrup's victory over "the slackers" in the party is a serious defeat. The group chairman had presumably thought that Glistrup, with a prison sentence of three years, would be out of the picture for a while and had given up the struggle for power in the party.

Intolerable for Schluter

For Prime Minister Poul Schluter and the nonsocialist government, Glistrup's victory and the Progressive Party's demand for an increase of the lower limit of 1,200 kroner above the "normal" regulation of the basic deduction can become a serious matter. It will be hard for the government to grant such large concessions as the Progressive Party is now demanding, and at the same time to hold together internally and to keep the radicals in their place.

And it will become a completely intolerable situation for the government to accept if Mogens Glistrup is the one to decide the government's fate from his prison cell in Horserød.

The Progressive Party's Folketing group will, in a meeting next week, discuss Glistrup's future membership status in the group after he has changed his address 31 August from the "honorable residence" in Sorgenfri to the national prison in Hørserød near Helsingør. The Progressive Party is considering making Glistrup an official advisor and paid consultant for the group. The Progressive Party intends to get the money for this from the special government grant that the Folketing's budget allows for expert assistance to the parties.

Telephone from the Prison Cell

Presumably Mogens Glistrup will fight a desperate battle to the last to maintain his influence in the party. With the aid of his loyal supporters in the group, and presumably also of many rank and file members of parliament, he will demand a say from his prison cell in the work of the Folketing group. He is himself of the opinion that he will be able, by means of direct telephone connection from the national prison to the Progressive Party's group room in Christiansborg, and during leaves from prison, to follow the daily group meetings and give the group advice and instructions on how it should act. Glistrup is also thinking of Progressive Party group meetings in the visiting room of the national prison.

"The slackers" in the Progressive Party Folketing group have suffered greatly in explaining the new and sharpened Progressive Party position. Erling Askjaer Jørgensen says that it is a gross exaggeration to say that Glistrup is now the one who will completely direct both the Folketing group and the Executive Committee. The decision the Progressive Party's political and organizational leadership has made is supported by the party's voters, he says.

How uncompromisingly the Progressive Party will stand on its demand when it comes right down to it will presumably not be known until the government begins policy negotiations with the Progressive Party and the radicals on Wednesday, 17 August. This will take place right after the publication of the government's finance bill for 1984.

9124

CSO: 3613/179

HOME RULE GOVERNMENT TAKING OVER KGH FUNCTIONS IN 1985

Godthaab GRONLANDSPOSTEN in Danish 27 Jul 83 p 23

[Text] The production and export sector of the Royal Danish Trading Company (KGH) will be transferred to the Home Rule Government on 1 January 1985. This was announced by the chairman of the Home Rule Government, Jonathan Motzfeldt, during a visit by Prime Minister Poul Schluter and Greenlandic Affairs Minister Tom Hoyem last week in Godthaab. Greenland and the Danish authorities agreed on this date.

As a result of this announcement, discussions between the ministers and the Greenlandic government concentrated on this important change.

"We are pleased that the date now has been set. It means that we now can discuss the matter at our own convenience with representatives of the government. We also will have time for the government to analyze the consequences and, last but not least, parliament will be able to act on the matter," Jonathan Motzfeldt said at a press conference at Hotel Gronland in Godthaab.

What About The Deficit?

The prime minister was asked at the press conference whether or not the KGH deficit and the responsibility for it also would be transferred to the Home Rule Government.

"The problem is not that simple. How large the deficit is depends on how the many activities within the production and export sector of KGH are set up."

"I would not like to discuss the deficit question at this time. For me and for the Greenlandic government, the most important thing is that we have achieved the goal set out by the Home Rule Commission with regard to KGH," Poul Schluter said.

"On the other hand, it is clear that a transfer of influence to the Greenlandic authorities must be accompanied by a transfer of the economic responsibility," Poul Schluter said.

CP CHAIRMAN'S ASSERTIONS ON CONSERVATIVE WAVE CHALLENGED

Helsinki HELSINGIN SANOMAT in Finnish 6 Aug 83 p 2

[Editorial: "Old Weapon to Strike with Is Not Helping CP's Situation"]

[Text] SKP [Finnish Communist Party] chairman Jouko Kajanoja has revealed his concern in a summer interview. He doubts that there will be a return to the whole Left-Center government coalition, the popular front, in Finland during the next few years. The SKP's internal state of affairs emerges from between the lines as the reason.

However, the way in which Kajanoja is trying to turn people's eyes away from the Communists and People's Democrats' internal squabbles has aroused attention. He pulls out that worn-out expression which certain politicians have used before when, forced into a corner, defending themselves or attacking: conservatism.

It is an old weapon with which one may also attempt to strike in a government issue, even though there may not be one. With this specter the Communists are hinting at an evil which the people themselves ought to beware of. With it too they are attempting to influence foreign interpretations of our country's political development and in this way gain support for themselves. After the wars until 1966 it was an item exported by certain circles, one that has left a bad taste in our mouths.

And now, in Kajanoja's opinion, the devaluation decision of last fall, made when the SKDL [Finnish People's Democratic League] was also in the government, was an example of this conservative trend. Another strong indication of this, in his opinion, was the decision to increase the sales tax, associated with the devaluation. In connection with this some relief measures for industry were extended, but for the poor and families with children the effects of the devaluation were alleviated by increasing child subsidies, support for education and housing and unemployment compensation.

Thus "conservatization" has been a series of economic policy measures that were felt to be absolutely necessary, especially because of the Swedish devaluation. In the domain of foreign policy Kajanoja sees similar manifestations of conservatism, primarily in the fact that Finland has not assumed a position on the events in Nicaragua.

The SKP chairman has undoubtedly had great difficulties in finding grounds for his claims. They do appear to be artificial. It would have been easier to list those measures by means of which the advantages of the poor segment of the population have been improved and contrasts evened out.

In directing his claims about conservatization against the SDP [Social Democratic Party] too, Kajanoja ought to be happy, not indignant. If the SDP had shifted to the Right, the Communists would have been left with more room on the Left and more opportunities for growth. That, however, is not how things are and the prospects for improvement are instead quite different.

Precisely due to the Communists' quarrel, the party structure here in Finland seems to be in part moving toward a Scandinavian arrangement. If the SDP continues to grow, it will be to a large extent at the expense of the SKP-SKOL and other elements. As growth shifts to the SDP, the effects it has on that party's policy will probably be just the opposite of those the SKP leader is now trying to get us to believe they are.

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RURAL PARTY CONGRESS DEFIES VENNAMO IN VOTE ON SECRETARY

First Setback for Leader

Helsinki HELSINGIN SANOMAT in Finnish 7 Aug 83 p 6

[Article by Kyosti Karvonen]

[Text] Kuopio— For the first time in the SMP's (Finnish Rural Party) 25-year history, on Saturday Vennamo's wishes were not obeyed. The rank and file did not elect the party leader's favorite, Member of Parliament Pentti Kettunen, party secretary, instead obliging Labor Minister Urpo Leppanen to stay on.

The party congress drafting committee took over 3 hours to vote on the party secretary issue, described as a dramatic conclusion to the congress.

In the voting Kettunen beat his main opponent, organization chief Aaro Niiranen, by only two votes, 21 to 19. Organization secretary Arto Hirvonen got three votes; in other words, if the party congress had voted on the matter, the outcome would have been uncertain.

The drafting committee contented itself with a foolish decision and persuaded the current party secretary to stay on. They lightened Leppanen's work load by dividing the party secretary's duties up among the members of the party bureau.

The committee's vote introduced unexpected irritation into the placidly initiated party congress. Only Friday the SMP party administration had unanimously proposed that Kettunen be elected and they suspected that the rank and file would bow to the wishes of the party leaders.

They knew that Niiranen, who had long served as SMP organization secretary in Eastern Finland and Keski-Suomi, had the support of the rank and file, but the extent of that support came as a surprise to party leaders. The defiance of the rank and file was also certainly new to party leaders — at the committee meeting some charged them with exercising a dictatorial policy.

According to sources within the party, it was particularly Veikko Vennamo who backed Kettunen for party secretary. As far as we know, chairman Pekka Vennamo doubted that there was a chance of getting Kettunen elected without some grumbling.

Urpo Leppanen, a party secretary liked by the rank and file and behind whom it would be easy to get a unanimous party congress, was contrived as a loophole.

Vennamo Senior Discovered Kettunen

Leppanen said Saturday that his continuing in office was "less seriously" discussed beforehand. They talked Leppanen into staying on when the close result of the vote became evident. He admitted that the outcome of the vote was the rank and file's potshot at the party administration.

Pentti Kettunen of Kainuu is a Veikko Vennamo discovery who was promoted to Helsinki as assistant party secretary in 1980 to prime him for the post of party secretary. The party bureau people were fed up with Kettunen in 2 years.

The party leaders argued that Kettunen was a better choice because as a member of Parliament he is familiar with what goes on in Parliament and as a politician he is "fit to be seen in public." Niiranen, on the other hand, is an experienced organization whip.

The party bureau had prepared for a Kettunen election, since they had distributed communiques to the press in which Kettunen's merits were extensively described, whereas Niiranen got 12 lines. On the other hand, planning secretary Rolf Sormo, who had announced his candidacy, composed pages and pages of ratings for himself.

One party source said that the party secretary dispute in the end shows that Veikko Vennamo's time as the guiding star of the SMP is about over.

Joining Government Defended

In the original plans Leppanen was mentioned as a candidate for the vice chairmanship, but the turn events took in the party secretary race changed the picture.

A representative of the rank and file, Kalle Palosaari, who was vice chairman in the 1970's, was unanimously elected vice chairman again. Pekka Vennamo will continue to head the party and Member of Parliament Helvi Koskinen will represent the women as vice chairwoman. The young members' proposal to get their own representative into the party leadership did not catch on.

Aside from the election of candidates, the main event on Saturday was chairman Pekka Vennamo's survey of the political situation, which turned into a logical defense of the SMP's joining the government.

Vennamo at length assured those attending the congress that joining the government has not changed SMP policy, even though the party's goals may not be immediately realized.

Vennamo especially gave credit to the SDP for quickly adapting to the new situation. He saw an ability to adapt in the Center Party too, albeit slowly and marked by rancor. Vennamo did not devote a single word to the RKP [Swedish People's Party].

"Reason to Beware of Gallup Polls"

Vennamo cautioned those present at the congress against placing their faith in opinion polls, even though they now indicate an upswing for the SMP.

"Gallup polls have finally been placed in their own category, where they belong: to the class of forms of political entertainment, and we need not today beat our breasts, carried away by the now apparently favorable Gallup ratings, any more than we were depressed just before the elections because of the picture painted by the poor Gallup ratings that had been published," Vennamo reminded them.

Based on Vennamo and organization chief Niiranen's presentations, they engaged in a rather short discussion which, to be sure, will probably be continued on Sunday when the congress will hear reports by the ministerial and parliamentary groups and reach decisions on three special programs and a thick sheaf of public statements.

While political debate is lacking at the congress, there is that much more of an atmosphere of popular celebration and praise for ministers. Among other things, Labor Minister Leppanen was proclaimed to be the sexiest man in Finland.

Mood, Structure of Party Changing

Helsinki HELSINGIN SANOMAT in Finnish 7 Aug 83 p 31

[Article by Jorma Korhonen: "Arrest the Crooks and Discipline the Theorists"]

[Text] The SMP hastened to the Kuopio congress with sleek laurels and a favorable wind. On his head the minister's hat stood erect and in his arms were flowers for 70-year-old Vennamo Senior.

The forgotten people are now noticeably less poor and sick than when they assembled before. The party figures that it has entered a strong adulthood. It looks on itself as having come from a backwoods country living room to the town square and parquet floors.

A remotely wise wrinkle of concern in the smile of satisfaction evoked by their success has appeared on the faces of the original rural members of the SMP: If only the boys, Ministers Urpo Leppanen and Pekka Vennamo, don't put on gentlemanlike airs!

Eino Lappi, a small farmer from Joroinen, assured us that he knew what happens when a peasant mistakenly finds himself on a gentleman's bobsled. "Gentlemen talk their own nonsense and have their own supporters. They don't need peasants there."

Some time ago Eino Lappi made the mistake of leaving the SMP for the SKYP [Finnish People's Unification Party], which had detached itself from the latter, but he later returned to the SMP. He gave the reason for his return: "The

chaff is blown away by the wind but the grain is gathered, just as a motley people was left by the wayside but the true Israelites reached their goal of the promised land."

When the SMP conveyed the message of its congress in a week's time from Lappeenranta to Kuopio through Karelian and Savo villages, it was accompanied by the advice of many Eino Lappis to continue to pursue crooks and bring back honesty and integrity to the national administration and other domains of the society.

"And indifference and wishywashiness must be eradicated in the coming generation or this people will soon be sold out," Eino Lappi vowed.

Concerned with the Poor

Accompanying the service group and the speakers on his bicycle, energetic chimney sweep Arto Hirvonen brought the message of the congress. The chief speaker in Mikkeli Province was Member of Parliament Pentti Skon of Pieksamaki. In the course of the trip, Hirvonen announced that he would be a candidate in the party secretary election and Skon promised to from now on share his salary as a parliamentary representative with war veterans and the unemployed.

Pentti Skon used to be a lumber trucker and both a Communist and an SKDL [Finnish People's Democratic League] municipal councilman. Then he had heart trouble and now Skon is doing just fine in the SMP. "It's funny that, when the party changed its policy, it didn't have to change at all. Before I was concerned with little and poor people and I still am. With regard to the way it was before, the difference is that now I feel that I'm doing a job that is in keeping with my education, since I am a public school graduate serving as a representative of the people."

Through the green traffic lights the SMP messenger curved into Mikkeli, which was the site of the party congress 10 years ago, just when there was almost a split within the party and friends were scarce. Now more than enough people to deliver a speech to were sitting in the shade of Mikkeli's Kirkkopuisto [Church Park].

Skon directed his words to pensioners, war veterans and the disabled in accordance with his audience; he spoke of difficulties, taxes and national defense.

"The time has now come for equalizing incomes," Skon declared and promised to go to the Pieksamaki branch of the SYP [United Bank of Finland] first thing in the morning to open two accounts, one for the unemployed and the other for the veterans. "During my term in office as a member of Parliament I will deposit 150 markkas from every paycheck into each account and I challenge anyone who receives a salary at least as large as mine to act in the same way." For years Skon has distributed the remuneration he received for communal meetings to young athletes as unofficial scholarships. In return, during the last elections Skon received public support and acknowledgment from the Pieksamaki YMCA volleyball players, among others.

Cancer and Bolts

Loudspeakers blaring, the message convoy rolled on to Juva, whose great son, Kaarle Aksel Gottlund, in his time sought the forgotten people in Savo and Varmland in Sweden. In his writings Gottlund used the language of the people and spoke of his Finns in such a way that they began to refer to him as "the apostle of the forest Finns." Stubborn by nature, the rugged Gottlund acquired the reputation of being a demagogue and irritated not only the Finnish, but also the Swedish and Russian authorities.

Member of Parliament Skon approached the listeners gathered in Kirkonmaki with his farm policy message, namely that domestic agricultural overproduction is just an optical illusion.

"Long-term food-import agreements made by former governments, which to boot were made under the protective wing of the MTK [Agricultural Producers Association], are producing mountains of grain and butter. In this way Finnish farmers have been made out to be beasts of prey in the eyes of other citizens and, when an importer is in even the slightest way forced to pay the costs of cheap domestic exports, it is the height of unfairness.

"To top it all, there may be God knows what cancer-producing agents in foreign grain. Aside from bacteria, even nuts and bolts have been found in imported fats."

The people of Juva thought that he had a good message for them, but Skon calmly assessed SMP government policy with forbearance: "Raising a big protest would mean leaving the government."

Cab Rides Censured

Having recently finished an 1,100-km boat trip, district secretary Erkki Rakkolainen, who lost out to Pentti Skon in the parliamentary representative election by only a hair, came to the party congress message session looking lively. He said that support for the SMP was growing like a tidal wave and urged the people of Juva to take heart and come out openly for the SMP candidate in the communal elections.

The congress messenger received 34 rye heads in the farming parish of Joroinen to take along with him. "These rye heads grown to perfect ripeness in Eino Lappi's field constitute a forecast of the next parliamentary elections and their number signifies the number of seats the SMP aims to win, which is twice the present number of seats," Eemil Pyottio, who handed him the bunch of rye heads, announced.

Arto Hirvonen related how in past years the party congress messenger sometimes traveled by moped, as did Eino Poutiainen, or running like Anssi Joutsenlahti, or by helicopter, as combat pilot Urho Pohto did.

Pentti Skon said that, if he ever gets to carry the message, he will do it riding on the back of an ass. Skon urged other members of Parliament to use cheap means of transport and altogether put an end to night cab rides at the expense of the public.

"Now is the time to equalize differences in income," Skon repeated in speech after speech and like Robin Hood rushed off to bring the word to new sufferers from the lack of it.

Throughout the whole congress message conveying time there was no occasion for a real political debate. With the exception of a few rare drunks fed up with life, people receptive to such discussion were found only at stands in the marketplace of Varkaus.

On the way Arto Hirvonen did indeed get into an argument with a congress housewife on a vacation trip when she started a discussion by demanding to know from her car window why SMP members block traffic by moving along the highway at the snail's pace of 40 km an hour.

At the marketplace in Varkaus too, "agents provocateurs" did not engage in conversation with the messengers, instead contenting themselves with cracking jokes among themselves. "What will their laugh sound like after the elections?" a Varkaus pensioner struck by the SMP message pondered.

Student Circles with a Relevant Approach

In addition to the lack of any real discussion, the one-sided age structuring of their audiences frustrated the messengers: There just were no young people. Even youths who happened to be present when there were occasions to speak slipped away quietly before long, but, when the messenger rolled into the biggest SMP town in the world, Pieksamaki, people of all ages were there to hear the word.

For the SMP, Pieksamaki is an important, almost sacred place because Veikko Vennamo founded the party there in 1959 with the name, Small Farmers Party, and now every fourth citizen of Pieksamaki supports it. In the reactionary railroad town of Pieksamaki Pentti Skon, whose speech evoked a great deal of intermediate applause from his listeners, is the people's favorite.

With its strong towns, like Pieksamaki, the SMP is at present getting ready to take on the trade union movement. The first on the agenda are the government and communal white-collar and worker organizations. They also expect to find room for themselves in the business sector organizations.

Pentti Skon rubbed his hands with glee over his position as a member of the Parliamentary Office Committee, from which he has a good vantage point for keeping an eye on corrupt officials. "Listen, deplorable things are revealed there," he informed his listeners, "and, when government auditors are permitted to detail the extravagant items and loopholes they have found, billions of markkas in public funds will be saved."

There was a familiar SMP ring in his voice and Pentti Skon did not conceal the admiration he feels toward honorary chairman Veikko Vennamo either: "You just have to wonder where 70-year-old Veikko still gets his energy and determination. He's so far superior to the others that, when he was away on a trip last spring for a couple of weeks, the whole parliamentary delegation missed him and acted as if they had gotten lost deep in the forest somewhere.

"Thinking of the future, another thing we can safely rely on is the yellow forecast pencil left over from the days of the late Eino Poutiainen."

Party Triumphant Since in Government

Helsinki HELSINGIN SANOMAT in Finnish 8 Aug 83 p 6

[Article by Kyosti Karvonen: "SMP's Joining the Government Is a Blessing"]

[Text] Kuopio (HS)—On Sunday in Kuopio, the SMP concluded its 25th party congress by blessing SMP participation in the government. With little discussion, the approximately 2,000 congress participants approved three new or revised special programs which deal with international affairs and security policy, forest policy and basic security for citizens. In addition they approved a large number of public statements.

In its general policy statement the party congress expressed the opinion that the SMP had made the right decision in joining the government. It drew the government's attention to the problems of people with small and medium incomes and felt that in the future budget the necessary cuts should be made in the area of needless wasteful and other expenditures, including party subsidies.

The statement praised the Center Party for switching to SMP policies for cutting health coverage benefits and large pensions and improving small pensions.

The statement attempted to persuade the Social Democrats to back the SMP when the government decides on employment appropriations during the budget debate which is to begin at the end of the month. According to Labor Minister Urpo Leppanen, there is a difference of a couple of billion markkas in employment appropriations between the proposal submitted by his ministry and the Finance Ministry's.

In the stand it took on employment policy, the party congress stubbornly maintained that unemployment could be eliminated in 6 months with the SMP's remedies. In its forest program, the SMP is demanding that the Forest Ministry be abolished as a needless bureaucratic and costly establishment and that an end be made of forest owners' defenselessness.

In its statements relating to the parliamentary delegation's report, the SMP demanded that brush spraying be banned throughout the entire country. In its special program regarding basic security for citizens, it demanded that corrupt officials be disciplined and warned that complicated laws may not be allowed to lead to bureaucracy.

In its cultural policy statement, the party proposed that plenary sessions of Parliament be transmitted as live radio broadcasts.

Kuopio's Festive Party Congress

The 25th SMP Party Congress was Kuopio's festive "congress." The party did not really spend much time on political discussion, much less debate. With

the exception of the election of a party secretary, everything went according to party leaders' plans.

The SMP all the more celebrated its big election victory, lauded its new role as a government party and praised its two ministers to the skies. Criticism of the new policy line was not heard, at least not publicly.

In the March elections the SMP received abundant support from nontraditional voters, that is, city dwellers white-collar workers and young people. However, not too much of the new support bloc was seen in the party congress picture.

The typical congress participant is still an aging war veteran. Representatives of the turbo- and master of arts line were not in evidence, which is not necessarily a good sign if the SMP's role in the government is to continue and its support to grow. The SMP's biggest worry is how to get dissatisfied mobile voters to commit themselves to the party.

As with the congresses of other parties, so too the lack of discussion quite clearly troubles the SMP. According to the official explanation, discussion is engaged in when drafting programs and public statements. True, but the fact that in 2 days time party congress participants gave only a few speeches is, in the SMP's own words, a disgrace to the party.

The usual colorful and flowery speeches were also lacking at the party congress. With the retirement of Veikko Vennamo, the SMP is becoming a general, uniformly gray party in which party leaders do the talking and the rank and file listen.

The surprising nature of the party secretary election tells us that party leaders were not familiar with the moods of the rank and file. Whether this is a sign of a wider gap between rank and file and leaders remains to be seen. At any rate, for the first time the grass roots level did not bend to the wishes of the party leaders.

Nine Good Ones, Eight Fine Ones

The party congress resolutions were filled with the usual SMP language, but there was also a promising mess of nine good ones and eight fine ones in which everyone could find something to support.

Labor Minister Urpo Leppanen came to be the symbol of a broader SMP line when he said on Saturday that the party is not ideologically limited in finding ways to eliminate unemployment.

A sharply defined lack of ideology has been and still is a characteristic trait of the SMP. Some refer to it as the official line, others as populism.

SMP programs are full of goals the chances of attaining which there is reason to doubt. In any event, party leaders got nearly everything they wanted out of the congress. The decision on the government was swallowed without any grumbling and the leaders were thanked while, on the other hand, a perhaps latent movement among the rank and file was reduced to a revolt during the election of the party secretary.

Chairman Pekka Vennamo is dragging his party along with the definite goal of turning it into a moderate general party. But in Veikko Vennamo's days the party image was different. The appropriate question is: Does the forgotten people want to change the SMP? If the SMP's image does in the end change, Pekka Vennamo will have to open his voting networks to others.

Paper Sees 'New Role'

Helsinki HELSINGIN SANOMAT in Finnish 8 Aug 83 p 2

[Editorial]

[Text] The SMP was able to attend its party congress in Kuopio in a festive mood. After all it was the victor in the parliamentary elections of last March and had surprisingly changed into a government party. In addition, the red-letter day of the party's founding father, Veikko Vennamo, was to be celebrated.

For these reasons the congress participants seemed to have — aside from the customary spirit — a new kind of self-assurance. The rank and file were satisfied with the acquisition of ministerial posts and the raising of their feeling of self-esteem will probably also strengthen the party ranks, the holding together of which has up to now been the Vennamos' biggest problem.

Perhaps it is precisely protection of party unity that made chairman Pekka Vennamo act almost brutally so that they would not have to vote for the new secretary in the big hall. It is otherwise hard to understand Vennamo's claim that the vote was some sort of wrecking of democracy. The congress' idea of democracy was, however, different and in the end party secretary Leppanen was confined to his old duties.

SMP congress positions on essential political issues did not shed any new light worth mentioning on the most interesting issue: how the party will hold up to pressures in the government.

The SMP's program objectives are familiar and are as before strongly populist. Adapting them to economic realities will probably prove to be a trying task even in the next few weeks.

In any event, the people who have rallied about the Vennamos are now riding the wave of success and are less forgotten than ever before. They constitute an independent, but sanguinely talking people's movement whose growth into its present stature has given rise to a leadership problem. The party leadership is conspicuously narrow.

11,466
CSO: 3617/163

ICELAND'S ROLE IN SOVIET SECURITY POLICY REVIEWED

Reykjavic MORGUNBLADID in Icelandic 30 Jul 83 pp 18-19

[Article by Bjorn Bjarnason: "Iceland and Soviet Security Policy: Coordinated Plan--Opportunism?"]

[Text] This article is published on the occasion of the 30 years that now have passed since a trade and payment agreement between the Soviet Union and Iceland was made. This article was originally written as a speech at a conference about the Nordic countries and the Soviet security policy. This conference was held last May in Uppsala [Sweden] on behalf of a Nordic committee that promotes studies of Soviet and East European issues. This conference was attended by representatives from all the Nordic countries who spoke in a similar vein as does this article about the position of the Soviets to various countries. Overview speeches were also given. The plan is to publish all the speeches in a book published by those who sponsored the conference.

Soviet military capabilities and intentions toward Iceland are complex. It is obvious that in terms of naval and air capabilities, Soviet war machines have been steadily approaching Iceland in recent years. In this connection it may be recalled that the well known American journalist John Reed told Icelandic Communists in Moscow that at the Soviet Communist Party Congress in 1920, Lenin had discussed the importance of Iceland in the event of a war between Europe and the United States. Lenin discussed the military importance of Iceland in a future war, especially with respect to submarine and air warfare.

World War II confirmed that law of history that every state in Europe that seeks influence beyond the European continent and begins an aggression in the Atlantic Ocean must take Iceland into account when formulating its security policy. This obviously applies to the Soviet Union. The largest Soviet naval bases are at the Kola Peninsula and it is impossible to transit from there either by air or by sea south to the Atlantic Ocean without passing Iceland. The defense measures for the Icelandic nation are based on deterring potential attackers from their dangerous plans with anti-submarine warfare and air defense.

In this overview, I will, in broad terms, describe the relationship between Iceland and the Soviet Union and point out the fact that in my opinion, show that decisions of Soviet authorities about matters that concern Iceland are based on trying to use every opportunity available to influence the development of Icelandic affairs. I have not found any proof that the Soviets follow a preplanned scheme of purposeful and organized actions to put Iceland within Soviet territorial influence.

The 1946 Trade Agreement

During the Second World War, Iceland was an important stopover for convoys en route from North America to Murmansk and other ports on the Kola Peninsula. After the war, or in 1945, the United States approached the Icelanders with a request for a long-term lease of land for three American bases. This request became an intense political issue in Iceland which ended with the rejection of the request in 1946.

At the same time, the Icelanders were intensely searching for markets for their marine products, as indeed they always are, and at that time foreign trade was dependent on direct involvement of government authorities and their permits. Icelandic authorities turned to the Soviet Union in 1945, among others, but their request for trade was rejected.

In 1946, the position of the Soviet Government had already changed and the Icelanders received a message from Moscow that there was an interest in barter trade with Iceland and that the Soviets would pay Iceland in dollars for any of their exports beyond what the Soviets imported to Iceland. At the news of the change of heart in Moscow, it is said that Prime Minister Olafur Thors quipped: "So the Russians are not going to let the Americans have us for free!" The offer was seen as a countermove against the American base request. A trade agreement was signed with the Soviet Union in May 1946.

It has been pointed out by Icelandic historian Thor Whitehead, who is the most accomplished researcher in these matters, that it was quite unique for the Soviets to balance their trade deficit to Iceland with millions of dollars which they at the time needed desperately for their trade with the United States. This trade with the Soviet Union ended in 1947. In 1949, Iceland became a founding member of the Atlantic Alliance and, on the basis of that NATO membership, a bilateral agreement was made with the United States in 1951. Dr Whitehead believes that when the Icelanders joined the Marshall-plan in 1947, the Soviets realized that their imports and foreign currency sacrifices would not suffice to restrain the Icelandic mini-state. Not surprisingly, the Soviets suspended the trade.

The 1953 Trade Agreement

In 1952, the extension of the Icelandic fishery limits to 4 nautical miles led to a serious dispute with Britain. This dispute was not solved until 1956. British fishing vessel owners and fish merchants decided, after trawler officers had threatened strikes, to impose a landing ban on Icelandic ships in British ports. Thus the Icelanders were denied access to their most important fish market for 4 years.

When the dispute with the British was at its peak, the Soviet market opened up again for the Icelanders. In the spring of 1953, an international meeting on East-West trade was held in Geneva. Stalin had just died and his successors wanted to increase trade with Western Europe which had declined during Stalin's last years. The Icelandic and Soviet delegates at the meeting met for discussions and it was decided to hold further discussions in Moscow. The conclusion of those discussions was a Trade and Payment Agreement in August 1953. Following this agreement, only two European states had proportionately more trade with the Soviets than Iceland, namely Austria which was occupied by the Soviets and Finland.

The 1953 agreement was made in a different atmosphere than the one in 1946. It is clear, however, that the Soviets considered it to be in their political interest to gain an economic hold in Iceland when the important fish market in Britain was closed down and the sales were slow in Western Europe and the United States. Without a doubt, the Soviet Government felt that with trade it could force the Icelanders to be more considerate of Soviet interests than before. It might even result in a military advantage for the Soviet Union. At that time, the Americans felt it necessary to increase their military capabilities in Iceland and were negotiating an agreement with the government.

Trade Development

Trade has continued uninterrupted between Iceland and the Soviet Union since 1953. The Icelanders export mainly marine products to the Soviet Union but purchase most of their oil from the Soviets. Since the increase in oil prices about 10 years ago, Iceland has suffered a trade deficit and constantly owes considerable amounts for the purchase of oil. In 1982, 7.5 percent of Iceland's export income came from the Soviet trade.

On the initiative of the Soviets an agreement on economic cooperation was made between Iceland and the Soviet Union. This agreement is similar in nature to those on economic and technological cooperation made with other Western states since 1970. Icelandic authorities were against making such an agreement until last year when Soviet officials in Moscow put forward the argument that it would make it easier for them to obtain budgetary allocations and foreign currency to buy Icelandic goods if the agreement was made.

The signing of the agreement caused serious disputes in Iceland and the opponents of the agreement maintained that it proved that the Soviets used trade to gain political objectives. Their intention was to be able to, on the basis of the new agreement, take measures to interfere with hydroelectric projects in Iceland and the development of power-intensive industries which had nothing to do with the sale of marine products. The Icelandic ambassador to the Soviet Union later stated that on the basis of the agreement, Soviet officials had been given as a special assignment the task of following the development of hydro-energy matters in Iceland. Many people are of the opinion that the future of the Icelandic nation lies in hydro-energy.

In short, it is my opinion that both in 1946 and in 1953 the Soviets saw political gains in taking up trade with Iceland. On both occasions they exploited available opportunities. Since 1953, trade has been the "legitimate" way, so to speak, the Soviets have used to gain influence in Icelandic affairs. Those Icelanders who adhere to the ideology which nominally at least determines Soviet foreign policy, have called the trade with the Soviet Union a "lifeline" to counter various unpredictable and unwanted aggression from the capitalistic world. When negotiating with Icelandic politicians and officials, Soviet officials do not hesitate to mix politics with business when they think it is to their advantage. They even point out that negative comments in the Icelandic press about the Soviet Union might have serious effects on the trade. Demands of this kind have not been given into.

In my view, there is no reason to take into account any demands that have nothing to do with trade when negotiating with the Soviets, as they are highly interested in continuing the trade operation. For example, only by referring to the trade are the Soviets able to justify the need of having 38 officials in their embassy in Reykjavik. It may be mentioned as comparison that the number of officials in the Foreign Ministry in Reykjavik is 26. In this connection I also want to emphasize that the Icelandic negotiators most experienced in negotiating trade agreements with the Soviets are of the opinion that the Soviets have never succeeded in obtaining any unusual objectives in their trade negotiations with Iceland.

The Connection With the Western States

The membership of Iceland in the Atlantic Alliance is the prerequisite that it is not dangerous for the Icelandic economy to be as dependent on the Soviet trade as it is, although it would be wise to reduce oil imports from the Soviet Union by diverting that trade to our neighboring countries with North Sea oil. Iceland is a member of EFTA [European Free Trade Association] and has a trade agreement with EEC [European Economic Community]. It should also be kept in mind that Iceland's most important fish market is the United States. The Soviets cannot change those facts and should they demand that Iceland cut back on its relations with the Western states, that demand would have the opposite effect.

Since the great political dispute about Iceland's membership in NATO and the Defense Agreement with the United States, a broad consensus has been formed in favor of the policy that was and still is behind these decisions, and the majority of Icelanders does not consider it desirable to change the relationship with the Western states. The Soviets realize that they cannot budge the cornerstones of Icelandic foreign policy with threats. On the other hand, they do not neglect to utilize every available opportunity to declare their support with Iceland when the country has conflicts with its allies in the Atlantic Alliance. The Soviets did this, for example, the four times Iceland extended its fishery limits unilaterally in opposition to the views of Britain and West Germany.

Hopefully, the fisheries disputes are now a thing of the past and can therefore hardly be exploited by the Soviets to create dissention within NATO. The last time the Soviets made any such efforts was the Jan Mayen dispute between Norway and Iceland about the jurisdiction around the island. This time the Soviets supported the Icelanders, perhaps because they are still disputing with the Norwegians about the demarcation line in the Barents Sea. It should be pointed out that Soviet requests for fishing permits within the Icelandic fishery limits have always been rejected.

Nuclear Weapons

Currently, nuclear weapons are probably the most effective means the Soviets can use in order to influence the public in the Western countries. In accordance with that, they have used nuclear weapons to promote discussions about how dangerous it is for the Icelanders to remain in a defense cooperation with the United States. As an example it is interesting to observe how Soviet authorities use NATO decisions to start a propaganda campaign which is based on the arguments and statements of those who are opposed to Iceland's membership in NATO.

It is clear that the Soviets follow closely all debates on security issues in Iceland, and whatever they feel is supportive is later reflected by NOVOSTI or similar Soviet propaganda organizations. I do not necessarily think that this represents a coordinated effort, but rather one more example of Soviet opportunism. It should be clear to everyone--to everyone who wants to see, anyway--that the Soviets are practicing pure distribution of lies when they imply, as they have been doing in recent years, that nuclear weapons might after all be stationed in Iceland. To put this in the right perspective, it is necessary to go back a few years.

Soviets statements about nuclear weapons and Iceland can be traced back to 1958 when Soviet Prime Minister Bulganin sent a letter to his Icelandic counterpart, Hermann Jonasson, stating that it would be possible to deploy nuclear weapons at the Keflavik base and that the Icelandic Government had not declared its opposition to the deployment of nuclear weapons and missiles in the country. It would pose serious danger to the Icelandic nation if the Americans would station nuclear weapons in the country.

Prime Minister Jonasson's reply to Bulganin was that only defensive weapons would be stationed in Iceland and that the question of deploying nuclear weapons or missiles had never come up. This is still the position of the Icelandic Government. The United States needs the approval of the Icelandic Government should they want to deploy nuclear weapons in the country. No such request has been made nor would it be granted in peacetime. The only time that an Icelandic prime minister has been on an official visit to the Soviet Union was when Geir Hallgrimsson visited the Soviet Union in September 1977. Prime Minister Alexei Kosygin expressed his particular pleasure that there were no nuclear weapons in Iceland.

In recent years, the pleasure Kosygin expressed has changed to guesswork or direct statements made by the NOVOSTI staff that there may after all be nuclear weapons in Iceland. An article holding similar views has, for example, been published in the organ of the Soviet army, the RED STAR.

The peace movement which surfaced in the wake of the dual track decision made at the meeting of NATO's foreign ministers in December 1979, has so far not established itself as a political force in Iceland. The appearance of new political parties in the last parliamentary elections may change that. The Soviets have, however, used the 1979 decision to drag Iceland into debates about nuclear weapons. To be sure, Soviet officials have not given any official statements to this effect. Soviet propagandists have, however, written about the issue. Those who have talked with Soviet diplomats sense an emphasis change in their talk about Iceland and nuclear weapons during the last 2 to 3 years. The diplomats imply that they are not altogether convinced that the Americans are telling the Icelanders the whole truth and the propagandists use much the same phrases about the danger as did Bulganin in 1958. The American base in Iceland is said to be very important in an offensive against the Soviet Union and any such offensive would be a nuclear offensive. It has mainly been one Ilja Baranikas who has diligently been writing for NOVOSTI and implying that nuclear weapons are stationed in Iceland. In November 1980 he even went so far as to say that it is to be expected that Tomahawk cruise missiles are stationed on the American bases in Iceland and Greenland. This assertion is not based on any fact.

According to the material available to me, the Soviets made some unusually provocative comments on military affairs in Iceland in three articles which appeared in March, April and May 1981. It was implied in all of them that nuclear weapons were stationed in Iceland. It was stated in one of them: "In fact, the Icelanders neither know what goes on at the base nor do they know what is being kept there." The interest shown by the Soviets at this time can be explained by the recently made decisions to construct hardened shelters for fighter aircraft at the Keflavik base.

Colonel Belski, which most likely is a pseudonym, said the following in the RED STAR in April 1981 about ammunition depots connected with the new hardened shelters: "In addition, the Pentagon decides, without regard to the sovereignty of Iceland, whether weapons stored in these depots are missiles for Phantom-jets or cruise missiles or something else." Belski said further: "It is obvious from all indications that the role of this strategically important U.S. base in the Atlantic is being increased and it is being changed into one of the forward posts in the nuclear weapon policy of the government in Washington...It is a particularly alarming fact that the Pentagon plans to make the island state into one of the nuclear bases in the United States defense system...The 'cancerous growth' of the military base in Iceland is spreading. The Pentagon plans to use the communications equipment in the vicinity of Iceland for trans-Atlantic traffic and use the country itself to strengthen NATO's northern flank and intensify the military tension against the Soviet Union. The policy of NATO and the United States to drag Iceland into their foolhardy military

plans have aroused fear among the people of Iceland and rightly so... Concerned Icelanders understand that the stationing of American nuclear weapons on the territory of other countries turn them into dangerous targets in wartime and their inhabitants into American hostages."

I do not know how the readers reacted to Colonel Belski's contemplations when the article was distributed within the Red Army. It is clear, on the other hand, that the Soviets consider Iceland fast becoming an integral part of the United States defense system established to defend the continental United States. Iceland must hold a unique position when the Soviets evaluate the security policies of the Nordic nations.

In the summer of 1981, Admiral Richard A. Martini, the chief commander of the Iceland Defense Force, gave a public speech about the activities of the Defense Force. This speech led to a statement from NOVOSTI rejecting the argument that it was possible to justify the defense preparations in Iceland by referring to the "Soviet threat." NOVOSTI maintained that the military equipment in Iceland was "fully in keeping with the nuclear offensive policy of the United States and the theory of 'limited nuclear war'." In addition, the military capabilities at the base increased the "offensive strength of the United States against the Soviet Union which is great because of the surveillance and spying stations at the base and the AWACS aircraft stationed there. That is why the Americans are opposed to the establishment of a Nordic nuclear-free zone..."

I have no answer to what the purpose of this propaganda is. Do the Soviets believe it themselves? Or should such writing perhaps not be considered propaganda but political policy formulation?

Docking, Aviation and Research

The Soviets do not let it suffice to use every available opportunity to influence the development of matters in Iceland with measures in areas already mentioned. It is obviously a matter of urgency for them to make Icelanders used to their presence. This has brought uneven results.

Only once, at the end of October 1969, have Soviet warships paid a visit to Iceland. Soviet trawlers and research vessels have, however, from time to time docked in Icelandic ports and mainly in Reykjavik. There have been requests that Reykjavik would be a kind of terminal for the crews of Soviet and East German ships, as well as requests for repair facilities, but this has been rejected. Soviet tankers transport the oil imported from the Soviet Union to Iceland. The Soviets have suggested the building of an oil terminal in Reykjavik or its vicinity. That request has been turned down.

The Soviets have requested an air transport agreement between Iceland and the Soviet Union, but that request has also been turned down. Soviet aircraft have made stopovers in Iceland from time to time since 1957, especially on their way to Cuba. A few years ago, Commander in Chief of the Soviet Navy Sergei Gorhkov was seen stepping out of one such aircraft

and looking around on the apron in front of the terminal building in Keflavik which is in the middle of the U.S. Navy area of activities. Shortly after the invasion of Afghanistan, the Soviets requested a landing permit for an aircraft en route to Cuba. The staff at Keflavik Airport refused to service the aircraft. Soviet planes have landed at Keflavik Airport from time to time since then.

Since 1971, the Soviets have sent scientific expeditions to Iceland almost every summer for various geophysical research, both on land and at sea. Large groups of people have often been travelling about the country. This led to growing criticism among the people and demands for strong control of the activities of these groups. The number of these scientists has been reduced and the conditions are that their number must be within the range that makes it possible for Icelandic scientists to follow their work.

There is no doubt that the Soviets are greatly interested in everything that happens with the American Defense Force at the Keflavik base. Two decades ago, two Soviet diplomats were expelled from Iceland because they tried to get an Icelander who worked for the Defense Force to provide them with information. No Soviet diplomats have been expelled from Iceland during the last 20 years.

Objective

When I agreed to write this overview, I realized that only to a very limited extent could I base it on research on Iceland-Soviet relations of academic standard. Therefore I opted to give a few examples from the history of the relationship of the countries, examples that, in my view, confirm the opinion that the Soviets utilize every available opportunity, as did Sergei Gorshkov himself. The best way for the Soviets to gain influence in Iceland is to use trade for that purpose. The Icelanders should definitely not forget that the Soviets mix business with politics, even power politics.

In the beginning of my lecture, I mentioned capabilities and intentions which cannot be separated from each other when discussing security affairs. If Iceland is viewed in the light of the theory that the Soviets are following a coordinated plan for world dominance, the position of the country can be described by quoting George R. Lindsey from Ottawa, Canada. He said in 1975:

"Much of Soviet strategy both before and after World War II had as its aim the construction of buffer zones to keep potential invaders at a distance from the Russian homeland. Indeed, the demands made on Finland in 1939 were intended to protect the approaches to Murmansk as well as Leningrad; the subsequent Russo-Finnish war and its settlement achieved precisely those ends. On the Pacific front, strategic islands close to Japan were appropriated. There are even more obvious examples of the desire for buffer zones on land: eastern Poland in 1939, Lithuania, Estonia,

Latvia, Bessarabia and northern Bukovina in 1940. In fact, the Soviet Union's partners in the Warsaw Pact can be considered as buffers between her and NATO. Thus it would be entirely consistent for Soviet strategists to wish to construct similar buffers on maritime frontiers, and to push them outwards whenever an opportunity occurred. Beginning with the nearest to the Murmansk coast, the candidates would be Northern Norway, Svalbard (including Bear and Hope Islands), Jan Mayen, Greenland, Iceland and the Faroes."

It might be argued that George R. Lindsey is actually describing the implementation of Lenin's ideas from 1920, namely that because of its geographic location, Iceland is of great importance for the Soviets from a strategic point of view and in any future war, especially with regard to air warfare and submarine warfare. Even those who do not believe that the Soviets have a coordinated plan for world dominance cannot disregard Lenin's words when the security policy of the Soviet Union is being discussed--it should not be forgotten either that the end objective of the expansion policy of the Soviet Union is the same whether it is based on a coordinated plan or opportunism.

9583

CSO: 3626/50

CHIN A SEN ON ROLE OF LIBERATION COUNCIL FOR SURINAME

Amsterdam ELSEVIERS MAGAZINE in Dutch 23 Jul 83 pp 14-15

[Report on interview with Henk Chin A Sen, former prime minister and president of Suriname and president of the Council for the Liberation of Suriname, by Sig. W. Wolf: "Perhaps We Aroused Expectations Which Were too High"; date and place of interview not given]

[Text] There is disillusionment and disappointment in the Surinamese community about the effectiveness of the Liberation Council. A hot air balloon, say the critics. But President Henk Chin A Sen is not discouraged. "The expectations were set too high. We are partly to blame for that."

Uncertainty about the activities of the Council for the Liberation of Suriname is growing more rapidly than the alarm about the outrages committed by the military regime in Paramaribo. Driven by waves of emotions following the December murders, the growing army of opponents of Bouterse counted on former President Chin A Sen's resistance organization to deal summarily, within not too long a period of time, with the repudiated military authorities in Paramaribo. Against their better judgement, expectations were high.

As Bouterse managed to expand and legitimize his rule of terror, doubts about the effectiveness of the organized resistance in the Netherlands and in Suriname increased. An empty facade; a hot air balloon, were the most positive epithets being used. The Liberation Council, which carefully avoided supporting any form of violence and consequently always expressed itself very strongly against mercenary actions, is under heavy fire. In a series of articles, the weekly VRIJ NEDERLAND accused the seven member Liberation Council of secretly maintaining a paramilitary wing in order to support an invasion by mercenaries in July. The weekly claimed that when this adventure died prematurely because of the slowness of a few good-for-nothings eager for money, the totally discouraged Liberation Council wanted to make an agreement with Bouterse.

When the Liberation Council was set up, Chin A Sen stated resolutely that if Bouterse and his hangers-on were not driven away within half a year, the Liberation Council should simply be dissolved. In the euphoria of a diplomatic offensive surrounded by many question marks, as a result of which the Council succeeded in convincing a few countries to turn away from the regime in

Paramaribo, Chin A Sen announced with self-assurance that he had already bought candles to celebrate Christmas under the palm trees in Paramaribo this year.

With great regularity, optimistic reports flew out the doors of the headquarters in Rijswijk about diplomatic successes and the growing resistance in Paramaribo. The end of the regime was in sight. Exaggerated bragging or truth? Illusions or pure deceit? Judgeing by the few measurable effects, the lack of concrete action and the disappointment within the Surinamese community in the Netherlands, the Liberation Council is increasingly losing its credibility.

President Chin A Sen is not discouraged. "When we presented ourselves on 11 January, expectations were high. People counted on quick actions, such as sending in an invasion army. We opposed this, in spite of the pressure of the overheated feelings. We reject violent actions from abroad. The resistance must come from within."

[Question] But then you might as well forget the overthrow of the government in Paramaribo. Who are you actually fooling, the people or yourself?

[Answer] The first stage of our policy was aimed at informing the world about what was going on. In this, we succeeded reasonably well. Numerous international organizations and countries, including Brazil, are rejecting the Bouterse regime. The aid which Brazil is currently giving Suriname is a warning to repudiate the Cuban line, otherwise harsh measures will be taken. At first we were perhaps too optimistic about the impact of the condemnations. We had assumed that the military regime would be disturbed by them and take a different course. Alas, the opposite was true. The oppression increased. And yet, we should not be dissatisfied about what we have achieved. When you compare this with the results achieved by the Cuban and Haitian resistance, which have been active for years, we don't look too bad. In the beginning we had no experience at all. The whole organization had to be built from the ground up.

[Question] That way you can justify any failure.

[Answer] We have not failed. There have been a few shortcomings, true. We were able to inform the people adequately about what was really going on in their own country and what the world thought about the disastrous developments. People could only rely on the regime's propaganda, the news from the world broadcasting service and oral information via family members and friends who visited Suriname. Censorship is severe. Letters are opened, telephone conversations are bugged, and people are constantly shadowed. Our means of communication with the people has changed now. Since the end of last week, we provide a daily 15 to 30 minute news broadcast from Venezuela at 2:30 pm Surinamese time.

From the information which has reached the Liberation Council, it can be concluded that, in spite of heavy controls, the internal resistance is becoming ever stronger. Thus, guards at the Memre Buku barracks and at the presidential palace are said to have been shot at. The soldier, who was guarding the

presidential palace is in the hospital with a perforated intestine. A camp guard was mortally wounded. Recently, an attempt was also made on Bouterse's life. A bodyguard was hit. According to Chin A Sen it would be child's play for the resistance to blow up vital businesses.

"But that would not be in anyone's interest. We must prevent the citizens from becoming the victims of resistance actions. Hence, it is unwise to launch mass attacks. This would cost many citizens their life. The mood in Suriname is becoming increasingly grim. Young people who have been rehired by the military as activists or who receive between 600 and 800 guilders per month, work as informers and report every suspicious activity."

"In Suriname, people don't know who can be trusted. This has led to tragedies within families. Anyone who is suspect is picked up and jailed for a few days. The former minister of people's mobilization, Hardjoprajitno, who was arrested together with Horb, is languishing in prison. No lawyer dares to defend him. Four times a day, a spray can full of insecticide is emptied into the cell of former Minister Sarriman, so that he is going to a slow "natural" death. Anyone who is not loyal is removed from his job from one day to the next. It is poignant what is happening there. Suriname is a large concentration camp. There is nobody who protests against this. In the Netherlands, they are only interested in adventure stories about invasion plans. I repeat: we don't have any secret organization and have not occupied ourselves with violent actions. I have had no contact at all with mercenaries or others who run around with wild ideas. Not with Mr Haakmat either. I have neither seen nor spoken to him in recent months."

[Question] Now that Horb and Sital have disappeared from the center of power, Bouterse does not have any serious rivals. Who is still capable of threatening him from outside?

[Answer] True, Bouterse does not have any clearly apparent rivals. Sital, who was in charge of the well armed people's militia, has been eliminated. Bouterse gave him a choice: house arrest or exile in a country of his choice. He chose the latter and is now in Cuba. With the not unlikely possibility that one of these days he will stand in front of the military headquarters, Fort Zeelandia, with a couple hundred Cubans to shoot Bouterse away. There are already 120 Cubans in strategic positions in Suriname, such as in the people's militia, the army, telecommunications, the administrative machinery, public utility companies and the airport. One should not be surprised if, upon receiving a signal from Havana, these Cubans were to turn against Bouterse to open the way for Sital and his Cuba-minded followers.

[Question] Then the Liberation Council could conveniently forget all its ambitions and all the efforts will have been in vain.

[Answer] We are not concerned about whether or not a Cuban administrative model is introduced in Suriname. We want a return to democracy and guarantees that human rights will be upheld. Later on we can start clearing the rubble. Economically and financially, the country is on the verge of ruin. The people have lost their self-confidence. Anyone who sees a chance to flee, leaves. There is an insufficient awareness in the Netherlands of how great the tragedy of the country is.

[Question] Would the Liberation Council then be able to produce the effort to rebuild the country?

[Answer] The majority of the countries and organizations we have contacts with have promised that, when the military regime is gone, they will rush to our aid financially and with manpower. The recovery is a task which the country will not be able to handle independently. We will receive support from such countries as Brazil, Venezuela and the United States if we succeed in establishing a constitutional state in Suriname, with watertight guarantees for the democratic functioning of all its political institutions.

[Question] Wouldn't it make sense to try to reach a consensus with Bouterse via diplomatic channels, a method which is dear to the Liberation Council?

[Answer] In recent months, a few people from Paramaribo, acting as individuals, have come up with proposals of reconciliation. I listened to them. I rejected reconciliation talks. People like Bouterse and Prime Minister Alibux are completely unreliable. You cannot conclude an agreement with a man like Bouterse who murdered his blood brother Horb. I know Bouterse and his advisers very well. During my presidency I dealt with them daily. They were always talking about democracy, but when basic decisions had to be made to get the democratic process going they refused to go along at the last moment. During the 2 years that I was president, I resigned once. This never came out. The reason for my resignation request was that three ministers who refused to be kept on a leash by the military, were dismissed. I remained on as president at the request of the ministers who had been dismissed. From that moment on I no longer trusted Bouterse. I am not going to talk to a man who has destroyed all freedom and who tramples on democratic rights.

8463

CSO: 3614/130

COMMITTEE TO STUDY DEFENSE NEEDS AS INSPECTION SHIPS RETIRE

Godthaab GRONLANDSPOSTEN in Danish 27 Jul 83 p 16

[Text] During the coming year, a committee consisting of 11 representatives from the Prime Minister's Office, the Foreign Ministry, the Finance Ministry, the Fisheries Ministry, the Greenlandic Affairs Ministry, the Home Rule Board, the Defense Ministry, and the Defense Staff will decide what steps should be taken after the four inspection ships--Hvidbjornen, Vaedderen, Ingolf, and Fylla--are retired in the near future.

The 20 year old inspection ships, along with the new Gulf Stream reconnaissance planes and the inspection cutters, are the backbone of the Danish fishery inspection and sea patrol around Greenland and the Faeroe Islands. The navy also has the inspection ship Beskytteren, which is about 8 years old.

Defense Minister Hans Engell decided to appoint a committee last February, but the various representatives were approved only last week.

Among other things, the defense minister wants the committee to examine the need for a Danish presence at sea near Greenland and the Faeroe Islands. "The committee will examine the extent of Denmark's presence and the possibility of a reorganization of the fishery inspection," Hans Engell told RITZAUS BUREAU. But he refused to comment on whether or not the fishery inspection should be separated from the Defense Ministry budget. He did say, however, that the Defense Ministry was not the only ministry that made use of the fishery inspection.

During his visit to Greenland this week, the prime minister will board one of the inspection ships, as he recently did on a visit to the Faeroe Islands, even though the ships are so old that they soon will be retired from service.

9336

CSO: 3613/175

SOLDIERS ORGANIZATIONS OPPOSE DEFENSE CUTS

Amsterdam ELSEVIERS MAGAZINE in Dutch 23 Jul 83 pp 12-13

[Article by J. Heinemans: "'Special Position Impaired': Career Soldiers Are Angry"]

[Text] The 90,000 Dutch career soldiers are waging a campaign against the austerity plans of Defense Undersecretary Hoekzema, plans that are having an unsettling effect on the armed forces. "There will be no strikes, but anything else is possible."

Assuming a common front for the first time, the career soldiers acted unanimously in suspending the talks with the undersecretary due to his "unwillingness to accommodate in any way whatever the complaints regarding proposed cuts."

For months there has been uneasiness and anger within circles of the professional cadre regarding the cuts in all kinds of operation costs, constraints on exercise programs, cutbacks in fuel and materiel and growing structural idling because there is no money for exercises and training. But now the career soldiers are being threatened with rather severe blows to their own income status. Undersecretary Hoekzema has refused to reconsider his plan to eliminate the military program of health benefits. The defense authorities intend to put all military personnel, who are entitled to free medical care as a fringe benefit, on the same footing with the other civil servants. That means a paycut of several hundred guilders a month, the deepest cuts occurring in the lower ranks. Thus a married soldier earning minimum pay would lose 6 percent; the average earner would lose 5 percent; those serving in the highest ranks, earning salaries 4 times the average, would have to give up only around 1/2 percent of their income.

The career soldiers claim that the free medical care is "part of the deal." It has always been that way and should stay that way because soldiers are in a special position. The undersecretary recognizes this special position and has said as much, but life in these times, he says, has made some special positions less special. Last Thursday, he refused to talk with the interest groups about this special position and thus provoked the anger of the career

soldiers, who accused him of being willing to discuss the special position only if it favors him or, in other words, if it saves him money. He is, for instance, willing enough to discuss overtime regulations.

A curious conflict threatens to develop, one pitting Hoekzema against the soliders' organizations. He cannot introduce the new regulations on health care benefits (target date: 1 October) without talks with the organizations. He is authorized--technically speaking--to do this if he has presented it to the interest groups. But what happens if they continue to refuse to present their opinion on it? The undersecretary defends himself by saying that, because of their refusal to talk it out, there can also be no discussion of the new regulations regarding overtime, which, he said, would offset part of the income loss, especially in the lowest paid ranks.

In his annual report, the armed forces inspector general, Lieut Gen T.J. Geus, last spring called attention to symptoms of growing resignation among career soldiers, now verging on apathy and demotivation. He mentioned extensive cutbacks that are impairing the combat readiness and credibility of the armed forces. To quote De Geus: "A policy concerning working conditions will have to be created, so that soldiers do not have to sacrifice more heavily than workers in civilian occupations."

The patience of the interest organizations seems exhausted; they have for the first time taken a joint stand and presented a common front. A spokesman states: "So far we have always taken a pro-government attitude. Career soldiers are not activists. It's not in our blood. But the situation on the shopfloor--if I may use that word--is extremely alarming due to the cuts. And now we--most of all, those in the lower ranks--are being affected financially too. Not to mention the civilian personnel who have been badly off for some time now on account of less work and uncertainty about their jobs." At a symposium titled "The Price of Freedom" in Veldhoven last month, Undersecretary Van Houwelingen blasted the General Christian Organization of Soldiers. There, he fired a shot over the bow as an unequivocal warning that the armed forces could no longer continue to exist in their present magnitude and must therefore be reduced. Seen in the light of today's circumstances, this is at least based on good intentions. It is Van Houwelingen's premise that a small (smaller), well-trained and combat-ready armed force is preferable by far to one that groans under all kinds of problems in all its service branches. Strangely enough, it was the interest organizations themselves that leveled ever sharper criticism in the past regarding the lack of literally everything. There is gas rationing, lack of spare parts, ammunition shortages, economies that went so far as to assign only three shells per gun for a 2-week exercise in Germany. And they were used up in just a few minutes. The soldiers say that after that orders were: "Clean up the area and sit on your butts."

Shortage of parts causes the officers to complain increasingly about idling. Exercises are expensive now, and fuel rationing greatly limits the exercise program. Irritation results when superiors issue orders to

spend the time this way or that, doing petty jobs that veteran draftees hate to return to: endless polishing and scrubbing, inspections, roll-calls and marching in file.

In the desperate search for places to make cuts, the leaders at Defense are asking if reductions in civilian and military working-hours can be introduced. The commanders of each branch have been ordered to investigate the effect of a reduction of 4 working hours per week, for example. A sharp protest was lodged by the soldiers' organizations. A. Visser of the General Christian Organization of Soldiers called it "a stupid study," one that would only result in fairy tales. "It would be much better," says Visser, "if commanders were ordered to see that their personnel did not work longer than 40 hours per week. Quite a few workers are now being misused by cunning commanders. The faulty regulations concerning work and rest are being bypassed in every conceivable way. And then comes this order to investigate the possibility of a reduction in working hours."

Modern technology is a gigantic problem. While on the one hand the new weapons systems are becoming ever more complicated, training periods for their operation are being extended, and the draft fails to provide enough material for specialist personnel, military technicians, on the other hand, are forced to waste almost 70 percent of their time on the "general soldier's craft."

Arie Twigt, chairman of the Association of Military Technical and Specialist Career Personnel, says: "Military technicians and specialists spend no less than 12 hours per week doing things they were not in fact hired to do." He would prefer seeing the soldier's craft reduced to a level that is strictly necessary for one to be able to survive in an emergency. Only then can the present personnel, scarce as it is, be used for specialities.

Many claim that the task of maintaining things at even a minimal level is virtually impossible at this point. All three branches of the armed forces are cannibalizing for parts, breaking things up or taking military hardware apart in order to keep the most needed units running, sailing, flying or firing.

9992

CSO: 3614/127

ROLE OF SPAIN IN NATO VIS-A-VIS PORTUGUESE POSITION

Lisbon EXPRESSO in Portuguese 9 Jul 83 pp 21-22-R

[Article by Joao Carreira Bom: "Two Countries 'Federated' by the United States-- Between Theses of the 'Atlantists' and the 'Continentalists'"]

[Text] The Washington-Madrid axis determines the Portuguese geostrategic area. He who determines the "balance" in the matter of peninsular defense is the "federating" power of the two Iberian countries: The United States of America.

There now seems to be less worry among the top echelon of the Portuguese Armed Forces than in 1981 regarding Spain's entry into the NATO military structure. This is due not only to the fact that the government in Madrid postponed the decision. As a matter of fact, at the end of 1982, Joseph Luns formally proposed to various members of the Organization that Spain's entry be made contingent upon the maintenance of two strategic zones on the Peninsula: Portugal would continue in the area of SACLANT and Spain would join the area of SACEUR, thus ruling out the assumption--advocated by our neighbors--as to a unified Iberian command.

Looking at the aspects which are fundamental for Portugal, according to sources consulted by EXPRESSO, none of the conversation partners of the secretary-general raised any objections. The same however did not happen when matters such as Gibraltar were taken up; the British representative rejected the idea of having an admiral appointed by Madrid for the territory so long as the dispute with Spain was not resolved. As a matter of fact, it was not really the issue of the Iberian command which persuaded Felipe Gonzalez to drop Spain's military entry into NATO from his list of priorities and to admit that the decision would be subjected to a referendum in 1985. The socialist administration is prepared to review its position through the guarantee to the effect that the Spaniards would retain Gibraltar, Ceuta, and Melilla and will have facilitated full membership in the EEC.

Between the Military and Washington

Do these prospects relating to NATO today enable us to say that those Portuguese officials who, not too long ago, on the issue of the Iberian command, privately stressed the "military threat" were hasty? Without trying to diminish the

importance of the Atlantic Organization for Portugal, it might perhaps be a good idea to recall the terms of the bilateral defense accord entered into between Washington and Madrid which the Spaniards recently decided to renew. In the 1976 text, Portugal's geostrategic area was divided into two interest zones: One of them, the United States zone, included the Azores; the other one, the Spanish zone, encompassed the continent and Madeira.

This being so, although removed from the NATO military structure, Spain not only maintained strong links with the West as the country responsible for the control of something that was called ZIC (Common Intervention Zone) which covered almost the entire Portuguese space and, to an identical proportion, the waters in the ZEE (Exclusive Economic Zone), so coveted by the Spanish fishing fleet (the world's fourth-largest).

The unified Iberian command, as we can see, would only make the accord signed between our neighbors and the hegemonic power of NATO coherent with the military structure of the Atlantic Alliance.

As for the Azores--the slice which Spain lacks--the letter of the pact corresponds to the position of the Island in the Organization: While the Continent and Madeira would belong to IBERLANT (with headquarters in Oeiras, and, now, under the command of a Portuguese admiral), the Azores region is a part of Westland, with headquarters in the United States, and, like IBERLANT, under the Supreme Allied Command of the North Atlantic.

"Salazar Got Nothing"

While denying rumors about certain agreements which Mario Soares supposedly entered into in Washington, before returning to power (installation of missiles), government sources admitted that those aspects might influence coming negotiations about the continued stay of the United States in Lajes. "The time of Salazar is gone and he never got anything for the United States presence in the Azores," one of those sources said. When steps are taken toward the renewal of the agreement (whose extension--dictated by Portuguese government instability--runs out in February, it is probable that the executive branch in Lisbon will try to open the way to the neutralization of any dependence on Spain, and through the inclusion of the Azores area within IBERLANT, to upgrade the "strategic triangle represented by the continent, Madeira, and the Azores."

These involve the aspirations of various military sectors in line with the frequently stated need for getting support for the reequipment of the Armed Forces--"as the only way to prevent Portugal, within NATO, from being used only for routine missions and, when it comes to the overall defense of the peninsula, to prevent the task from being assigned only to our neighbors, as is happening under the bilateral pact. Basically, because they are better equipped than we," although its decision in favor of Buenos Aires in the Falkland Islands War might persuade the United States to take some precautions.

This opinion was expressed by an army officer but it was not shared by others, coming from the Navy: "Re-equipment, yes; but in the most useful manner for Portugal. Creating more 'NATO brigades,' to be placed under SACEUR, such as

those in Santa Margarida, would have very little use. Now, converting the Armed Forces for effective control of our strategic space, arranging our naval and naval-air defenses along with the creation of a modern fishing fleet, yes; in that way we would have achieved something positive for Portugal's future and for its effective independence."

By Sea or By Land?

As EXPRESSO had an opportunity to report earlier, Adelino Amaro da Costa thought that this vehicle would be essential in spelling out a new defense policy and that boosting the naval and naval-air ready-action capacity would place the country in an advantageous position when it comes to negotiating with the NATO partners on the benefits to be reaped from Portuguese loyalty to the Alliance. As a matter of fact, it is not with ground forces organized for a colonial war that ended almost 10 years that one can speak of the "dynamic utilization" of the "strategic continent--Madeira--Azores triangle." And, if this concept is correct, in terms of creating greater autonomy and action leeway in relation to Spain, the United States, and the entire Atlantic Organization, its implementation would imply a gigantic undertaking which richer and better-organized countries than Portugal may even fail at.

"If the United States were interested in a restatement of this kind, it would already have aided us. More than that, the United States would already have used its influence to convince us of the respective advantages. But why invest so much when its strategic objectives can be obtained in the current situation?" This was emphasized by Portuguese officers who displayed little optimism regarding the possibility of some administration, in the near future, creating Armed Forces where the overall and land control of the Army would be reduced to proportions suitable for a country facing toward the sea. In a little work published about 6 years ago, Maj Costa Correia advocated the idea that 40 percent of the Portuguese military budget should be earmarked for the re-equipment of the naval and naval air forces whose situation in 1980 was diagnosed by Gen Loureiro dos Santos: 'Without the three frigates negotiated with NATO from the last decade, the Portuguese Navy will be nothing more than "a maritime shipping company."

It is probable that the PS-PSD administration (agreeing with opinions prevailing in the Army and the Air Force) will try to establish a balance between the "Atlantist" theses, theorized in articles by Maj Virgilio de Carvalho, and the "Continentalist" theses, which are accepted by many economists who feel that priority should go to ending the backwardness of the interior through entry into the EEC. But equilibrium within peninsular defense--that is implemented by the strategically "federated" power of Portugal and Spain, in other words, the United States. We remember that, when they came to consider the resources of southern Africa and the Gulf as a fundamental element for the security of Europe and the West, the Americans needed support bases for their naval air forces and their RDF in Portugal, Spain, and Morocco. Various sources emphasize that Portugal is the only one among the three countries which has little in the way of getting it involved in regional issues, such as the Maghreb; among those three countries, Portugal is also the country that is of most interest to Washington where the men in power keep considering it to be of fundamental strategic importance. Hence the proposal by Joseph Luns which for the time being does not include Spain in a unified Iberian command.

This is no compensation for a country which in some way was placed under the control of a powerful neighbor by a bilateral pact, outside NATO.

Armed Forces--David vs. Goliath

The proportion between the Portuguese and Spanish armed forces on the average is 1:5 (or 6) which roughly corresponds to the population and territorial difference. But this situation is further aggravated by qualitative differences regarding organization and equipment.

While the Portuguese Armed Forces total 65,000 (almost 19,000 draftees), the Spanish Armed Forces number close to 350,000 (half of whom are draftees) and that ratio applies to the Army, Navy, and Air Force.

Looking at organization, among various aspects, we note the fact that both the Spanish Army and the Spanish Navy have their own aviation--which is not true in the case of Portugal, a country with a special responsibility for controlling maritime spaces that are much bigger than those under Spanish sovereignty.

Looking at equipment, we detect an appreciable advantage for our neighbors in terms of numbers of armored vehicles although we do note that most of those go back to the time of World War II. The same is true of artillery pieces. The quantitative difference is overwhelming in the field of AT weapons.

Looking at missile-based AA defenses, Portugal simply does not have any. The Spaniards have various types of these weapons, especially the modern HAWK. On the other hand, as we said earlier in general, the Spanish Army has 100 attack helicopters whereas the Portuguese Army has to go to another service, the Air Force.

Looking at Army units with modern equipment and organization, Portugal only has the Mixed Independent Brigade (recently organized under the Supreme Allied Command Europe [SACEUR]) whereas the Spaniards have ten (two of which are in the Brunete Division).

Another aspect that does not exist in the Portuguese Army--contrary to what happens on the other side of the border--involves a chemical and nuclear warfare defense regiment whose mission it is to cope with threats of that type.

In the Navy, the most outstanding differences reside in the fact that Spain has a helicopter carrier, as well as 13 modern frigates, equipped with surface-to-air missiles. As for submarines, Spain has eight as against three but--here and there--all go back to the decade of the 1960's.

One of the rare cases in which the advantage rests with Portugal involves corvettes (vessels between frigates and patrol craft) with ten for Portugal and none for our neighbors.

According to the international publication from which these data were taken, Spain launched the process of purchasing an aircraft carrier, three submarines, and three missile frigates, while Portugal ordered the purchase of three

frigates which can be equipped with missiles. On the other hand, Madrid is getting 26 ASW helicopters which will be added to 42 of the same type in the Naval Air Arm.

In the Air Force properly speaking, the most obvious qualitative differences consist of the fact that the Spaniards have 68 "Mirage" fighters which, as we know, we do not have in Portugal--and, by the way, we do not have any other aircraft with similar capabilities, in spite of recent offers from the United States (20 A-47 fighters).

Jaime Gama: "Iberian Command--Never"

[Excerpts] In a formal statement given to EXPRESSO, Portuguese Foreign Affairs Minister Jaime Gama proved to be extremely cautious regarding relations with Spain and quite naturally was in favor of improving those relations. Last January, the then socialist deputy was more blunt:

"As for military arrangements, Portugal will never allow the creation of a unified Iberian Command, including the ground forces of both countries, or a division of responsibilities in the matter of maritime and air defense which would signify an effective Spanish presence outside the zone of the Western Mediterranean, of the axis with the Canary Islands, and the part of the Atlantic Ocean bordering on Galicia and the Gulf of Gascony."

This was a long and bitter article, signed by the PS [Socialist Party] leader to the daily newspaper EL PAIS.

In the statement to EXPRESSO, the minister began by recalling that the PS-PSD [Socialist Party--Social Democratic Party] administration "included the substantial improvement of relations with Spain as one of the priorities in its foreign policy" and he emphasized: "It makes no sense for two democratic systems during this final phase of the 20th Century to face each other with resentment or distrust, both dictated by the atavism of an obsolete provincialism or a decadent Iberianism."

"This is why," he said, "the administration will look with special care at the problem complex resulting from the foreseeable simultaneous participation of both countries in the Atlantic Alliance and in the European Communities, while at the same time it will outline constructive proposals to be developed in the sectors of transportation and communications, culture, consular affairs, the environment, regional development, scientific and technical exchange, tourist and commercial activities and many other fields, not overlooking fishing, all of which are intertwined in the light of the new Law of the Sea."

5058

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NO MILITARY TRADE UNIONS FORESEEN

Lisbon DIARIO DE NOTICIAS in Portuguese 15 Jul 83 p 3

[Excerpts] NCO 's from the three services of the Armed Forces disclosed a position statement, previously handed to the JAG, asking government officials to spell out their status and charter and to put an end to the "deadlock situation."

The document, bearing 1684 signatures, states that "in the light of investigations carried out for 7 years by the various echelons of the Armed Forces," it is their understanding that "the deadlock situation which has been created means that the chain of command has been fully used up when it comes to developing proposals to solve the problem."

As they see it, the NCO charter must spell out subjects such as the chain of command and job functions, situations, reports, promotions, time of service, duration of duty assignment, appeal procedures, and representative body.

Air Force Chief of Staff Gen Lemos Ferreira believed that "the creation of unions for military personnel of the Armed Forces is unviable." In an interview on Radio Renascenca, Lemos Ferreira maintained that "in contrast to civilian labor unions, those that would involve the Armed Forces would not have any reason for existence since they would destroy the foundation of the Armed Forces."

"There is no inclination in the Air Force toward any action in the political area," the CEMFA [Air Force Chief of Staff] also said; he supported his assertions with "internal surveys regularly conducted within the Air Force."

Concerning the new National Defense Law, Gen Lemos Ferreira said that "people can have opinions about it if they wanted more but they cannot and must not challenge its legitimacy." "It now remains for the Armed Forces to carry out the duties determined by the law," he said.

Regarding negotiations for the renewal of the Lajes Accord, Lemos Ferreira denied that the Armed Forces in any way interfered in the negotiations. "They confined themselves to function as technical advisors to the missions of the ministries of foreign affairs and of national defense without making any commentary or issuing any opinion or judgment that would not be strictly technical."

5058

CSO: 3542/176

LACK OF FOREIGN MILITARY AID FOR NAVY REGRETTED

Lisbon A TARDE in Portuguese 8 Jul 83 p 6

[Speech by Adm Sousa Leitao, CNO: "Austerity, Yes--If It Is for Everybody"]

[Excerpts] "Navy Day must be a moment for analyzing the concerns of the present and trying to anticipate the course of the future. Among the concerns which are reflected in Navy operations are those which spring from the severe economic crisis which the country finds itself in," said CNO Adm Sousa Leitao in a speech delivered today at Ponta Delgada where he had gone to preside over Navy Day ceremonies which this year were held in the Azores.

The CNO said: "The Navy has benefitted little from foreign military aid for various reasons and in spite of the persistent efforts made by the government. Lamentably, we have been dragging our feet on the new frigate program which was given top priority within the context of military assistance because national and NATO interests coincide on that point. If a crisis situation or a war should arrive in the SW of the North Atlantic, Portuguese vessels would be the first to be available and to go into action in spite of the fact that their military potential is not up to the submarine threat facing them; all of the delays and vagueness caused by the stretch-out of this program have been reflected in difficulties regarding planning, spare parts purchasing, and the modernization of existing naval units."

Continuing his speech Adm Sousa Leitao touched on the more direct concerns of the Autonomous Region of the Azores, "since, indirectly, the Navy's entire reequipment also has to do with that area."

In conclusion, talking about concerns having to do with factors outside the Navy "but which are pressing since they spring from Portuguese society of which we are a part," Sousa Leitao listed the factors of materialistic egotism and personal interest or group interest superposed over the general interest, signs of intolerance and violence, dissolution and nihilism, "as well as moral pollution which threatens everything in a mad race to the abyss, disturbing the spirits of even the simplest and least aggressive who because of that deserve our respect even more."

5058

CSO: 3542/176

ARMED FORCES GET NEW WEAPONS FOR SUBMARINE SURVEILLANCE

Outfitting of Cessna Detailed

Stockholm SVENSKA DAGBLADET in Swedish 27 Jul 83 p 7

[Article by Roger Thoren]

[Text] Beginning next week, it will be more difficult for a foreign submarine to get into Swedish waters. That is when the navy will begin using its new antisubmarine search aircraft for surveillance of our frontiers.

The aircraft is a conventional Cessna that has been outfitted with radar and instruments that can detect temperature differences in the water.

It is a conventional Cessna that has been converted for antisubmarine surveillance. The navy is leasing the plane from Swedair. A similar plane is already being used by the coast guard to monitor oil spills.

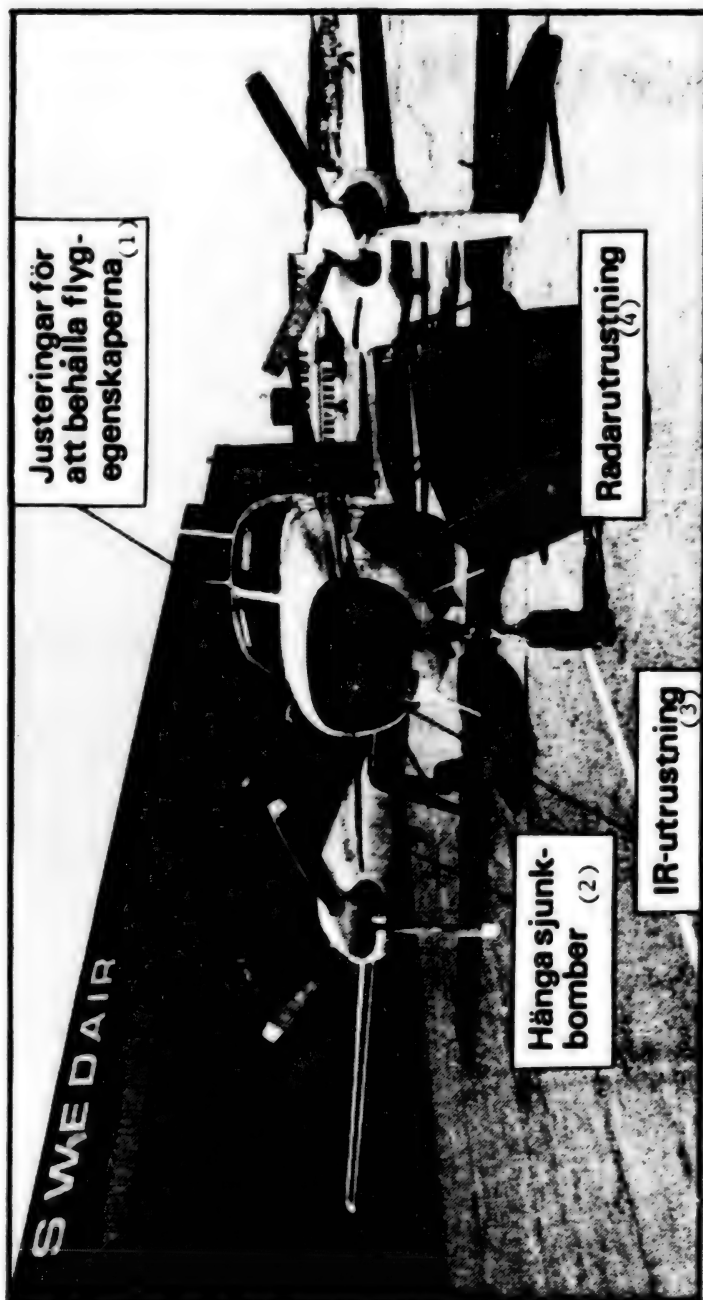
The navy's Cessna differs from the civilian version in a number of ways. The nose has been rebuilt to carry highly advanced IR equipment--instruments that use infrared radiation to recognize temperature differences in the water.

Swedair's Karsten Lundahl, who is in charge of the aircraft conversion, says: "A moving submarine releases cooling water, and that affects the water temperature. This equipment can detect very small differences in temperature.

"Movement is recorded on a TV screen in the aircraft, but the submarine must be in motion--that is the drawback."

A compartment under the plane holds a special radar with such good resolution that there will be no problems in seeing an object as small as a submarine's periscope. This sidelooking radar covers about 200 kilometers from an altitude of 75 meters.

The plane is also equipped with a heat-sensing unit that will be used once a submarine is discovered. This equipment, which is completely new, can provide detailed information on the object generating heat.



The airplane--a conventional Cessna--is outfitted with radar and instruments that can detect temperature differences in the water.

Key:

1. Adjustments for maintaining flight characteristics
2. Suspended depth charges
3. IR equipment
4. Radar equipment

In the plane's tail is navigation equipment linked directly to a plotting board inside the plane, where precise position data are recorded and then sent to a command center. All the information is also recorded on tape. The plane normally carries a crew of four.

With one tank of fuel the plane can monitor a distance as great as that between Ystad and Haparanda, and it can remain in the air for up to 8 or 10 hours.

Karsten Lundahl says: "That is its advantage over a helicopter. A helicopter can stay in the air for a maximum of 3 hours."

Another advantage in a tight economic situation is cost. The Cessna costs about 1,200 kronor per hour of flying time, whereas a helicopter costs 10,000 kronor for every hour in the air.

The disadvantage is that a moving plane is not capable of hydrophone monitoring. But it is possible to drop a hydrophone buoy and then circle over the area and listen to the signals. It is also theoretically possible to arm the airplane with depth charges.

The navy will begin using the airplane during the coming week and subject it to realistic tests in August.

Sub-Surveillance System From Abroad

Stockholm SVENSKA DAGBLADET in Swedish 27 Jul 83 p 7

[Text] Stockholm (TT)--The FMV (Defense Materiel Administration) has requested government permission to order a new submarine surveillance system from firms outside Sweden.

The system, which is based on sonobuoys, was tried out experimentally on a small scale but with very good results during the submarine incidents in Hars Bay and around Aln Island.

The surveillance system consists of a new type of hydrophone buoy that can be placed in position by helicopters.

Those so-called sonobuoys pick up sounds in the water and transmit them by radio to a receiver in the helicopter. Following analysis by a computer, the information can be used to draw conclusions about the target's nature and position.

Meets Requirements

Possible suppliers of the sonobuoy system are located in the United States, Canada, Great Britain, and France. The equipment that was tested in Hars Bay proved to meet the Swedish Navy's requirements very well. It came from British and Canadian firms.

Lt Col Rolf Hogelin, head of the FMV's Navy Division, told the TT [Press Wire Service, Inc.]: "We have found that this system works very well."

He said: "It is impossible to say how things would have turned out if we had had access to the sonobuoy system during the search in Hars Bay. But the chance of achieving better results would have been considerably greater."

Strengthened Defenses

Procurement of the sonobuoy system is to be regarded as part of the navy's efforts to strengthen antisubmarine defenses. The cost--9 million kronor at this stage--falls completely within the scope of the additional appropriation of 250 million kronor that Parliament approved for that purpose in connection with the report submitted by the Submarine Committee last spring.

The fact that the FMV is nevertheless requesting the government's permission before ordering the system is due to the new rules governing the procurement of defense materiel. Those rules were introduced by the previous government.

They stipulate that the government must be informed before defense materiel costing over 5 million kronor is ordered from abroad.

Admiral Cites Fund Shortage

Stockholm SVENSKA DAGBLADET in Swedish 29 Jul 83 p 3

[Op Ed Article by Rear Adm Gunnar Grandin]

[Text] Rear Adm Gunnar Grandin was chairman of the Armed Forces task force that made a preliminary investigation of the submarine intrusions in Hars Bay.

The Finnish newspaper HELSINGIN SANOMAT has published an ironic article on its editorial page with reference to the Swedish submarine hunt. Judging from the report in SVENSKA DAGBLADET, the article is apparently an account of a floating periscope-like object that is used as a pretext for cracking jokes. It is difficult to understand what the newspaper's purposes were in printing the article.

The navy has started a drive to get people to pay attention to what happens along our coasts. Most people have probably never seen a periscope or the antennas and other equipment that a submarine may show above the surface of the water. Visibility conditions can also play tricks. The result is that many things that are not submarines are reported. To stay on top of all this, there is a permanent analysis group that screens and classifies interesting material.

But that cannot take the place of sending units out to investigate something that may turn out to be something other than a submarine. One cannot keep analyzing too long before actually going out to see what is there. The final evaluation must be made by qualified units on the spot. Surely the Finnish newspaper realizes all that, but it published its article anyway.

No Error in Navigation

What the Finnish editorial writer did not say very much about was the grounding of Submarine 137 in the Karlskrona archipelago. The Russians have explained that that exploit was due to an error in navigation. But anyone who knows anything about navigation knows that the submarine could not have gotten where it was by navigational error. In such a superior vessel as the submarine in question, an error in navigation would necessarily have been discovered much sooner than that. On the contrary, the submarine probably navigated with skill (and on the basis of past experience?) to the spot where it very probably went aground and got stuck due to pilot error.

In the opinion of all naval experts, Submarine 137 was an indication of large-scale and systematic activity. There was certainly no lack of earlier indications. What has happened since is only a confirmation of it, with the added feature that the activity has turned out to be on a larger scale than most people thought. The tracks on the bottom of Hars Bay are frightening.

If the Finnish newspaper is saying that we ought to accept submarine operations in our territory, it is making a fool of itself. According to all statements in authoritative quarters, we are going to beef up our preparedness and continue to accept reports and evaluate them. The Finnish newspaper may be worrying about false reports, but what worries the Swedish military command are reports that turn out to be genuine. They exist.

Next Move

There may again be reason to reflect on the purpose of the submarine operations. Most people probably agree that the purposes are manifold, but what is their main point, and what will the next move be? One theory is that they want to use our relatively deep and protected territorial waters as bases for nuclear-armed submarines.

The waters on the other side of the Baltic Sea are much less satisfactory in those respects. The theory finds support in the horrible statement by the Soviet press agency APN, as quoted in SVENSKA DAGBLADET, that NATO submarines have a "free zone" along Sweden's east coast. Such a statement may be followed by demands for privileges similar to those invented by the APN. In that case, the submarine operations that have been carried out would be reconnaissance missions preparing the way for such bases.

It can be taken for granted that a big power such as the Soviet Union, with its militant attitude, is continually looking for places where it can extend its sphere of influence. Where little or no opposition is likely to be encountered, it goes farther--in other words, it takes a pragmatic approach. In its report, the Submarine Committee provided an enlightening account of how our antisubmarine resources have been developed--or more accurately, phased out--since the 1958 defense decision. It is quite clear that the Soviet Union has followed those developments with interest.

Gap in Defense

In an article in the "Focus" column on 19 May, I referred to the book "Sea Power of the State" by Sergei Gorshkov, admiral of the fleet of the Soviet Union. In it, he emphasizes the danger of leaving gaps in naval defense. It is therefore natural that he should be observant when it comes to gaps in other navies. In his book, he even analyzes several such cases, including the Allied shortage of antisubmarine resources when World War II began. For my part, I believe that the gap in our defense against submarines will be taken advantage of for as long as possible. They are establishing a platform for future activity--to be used when needed. There is no need to be more specific about this just now.

As far as we are concerned, however, it is necessary to excise that infection as quickly as possible before the contagion spreads. In the series of "Focus" articles devoted to the submarine intrusions, it was pointed out that after all, defense against invasion is still the essential thing. I can agree with that, but "defense against invasion" needs to be defined.

"Defense against invasion" is often construed as direct action against enemy troops that are crossing the land or sea frontiers or making an air invasion to occupy Swedish territory. That definition is too narrow and can lead precisely to a downgrading of a particular defense function, as has now become the case with our antisubmarine defenses.

The result is that a gap is created: one that can be taken advantage of, for example, for an invasion by means that we perhaps have not even imagined. It is natural at the moment that we should be restoring our antisubmarine defenses to produce balance in our defense against invasion.

Different View

It has been stated from time to time that our coastline is so long and water conditions so difficult that it is impossible to protect ourselves against submarines anyway. That pessimistic attitude is based on the fact that we have invested so little in resources that we have neither the personnel nor the equipment for that purpose. A qualitative and quantitative buildup in that area will produce an entirely different view of the matter.

Our minister of foreign affairs has said that nothing has changed in our relations with foreign powers. It may be true that nothing has changed. What is new, however, is the fact that we now have confirmation of an activity that we only suspected before. If that assessment in the highest quarters concerning our relations with foreign powers is to continue to be accurate, however, immediate and vigorous measures are required. The price of our neutrality is no doubt higher than we have hitherto thought.

In the "Focus" article on 21 July, Ake Sparring, director of the Institute of International Affairs in Stockholm, said there must be a substantial investment in antisubmarine defenses during peacetime so that our neutrality in wartime will be respected. He also regards the 250 million kronor as completely inadequate.

In the "Focus" article on 19 May, referred to above, I suggested the same thing and said that we must react promptly by ordering the vessels and helicopters we need. As far as vessels are concerned, it is only a matter of speeding up production of vessels of the Landsort and Storstockholm classes. The first ships of those classes are already under construction.

Helicopters Exist

Apparently, that would not be a bad thing from the standpoint of employment, either. Helicopters are available on the international market. But whatever we do, it will take time, so there is no time to waste. It must be possible to solve a problem this important. Concerning the possibilities and economic reasonableness of such a move, it may perhaps suffice to point out that the share of the national budget going to defense has declined from 20 percent in 1958 to 7 percent today and that the navy's share of the defense budget has dropped from 18 to 13 percent.

We can and must keep foreign submarines away from our territory.

There is no shortcut: resources must be invested in the task. I do not believe that any of the Nordic countries have anything to gain if we neglect this.

Navy Materiel Specialist Comments

Stockholm SVENSKA DAGBLADET in Swedish 1 Aug 83 p 3

[Op Ed Article by Lt Comdr Goran Frisk]

[Text] Goran Frisk is a lieutenant commander in the navy. He works in the Navy Staff's Planning Section and is concerned with materiel procurement. Ake Sparring wrote [in this column] on 21 July.

Ake Sparring suggests in his "Focus" article that Sweden must act in a more "military" fashion. He feels that 250 million kronor are inadequate for that purpose. His opinion is shared at Navy Headquarters and by all navy personnel at all levels.

The personnel that go into action during the incidents that occur time after time are especially concerned over their lack of capability. The personnel in question are the sailors and the members of the coast artillery who serve on patrol boats, minesweepers, and helicopters and in mine barrier sections. Incidentally, they have met with the minister of defense on that subject.

Their resources are currently completely unsatisfactory and will continue to be so for several years to come. This situation can change, however, if the government and Defense Headquarters want it to. This is illustrated by Ake Sparring's three questions:

1. What does an antisubmarine deterrent force cost?

2. How much new materiel can the Armed Forces absorb in how much time?
3. How much are we willing to pay?

The first two questions can be answered. The third question can also be answered if the Swedish people are given clear information as to what is needed. For various reasons, that information has not been forthcoming in the general debate. I will try to provide it here.

Detection Possibilities Now Better

To be able to deter intruders, it is necessary that the danger of detection and armed counteraction be great. Despite everything, our detection possibilities have improved, as can be seen from the frequent press reports. But the imbalance between detection and action is great. That imbalance can be improved with well-organized antisubmarine forces. They must consist of the following units:

1. One antisubmarine airplane for search operations (from 5 to 10 million kronor).
2. Two helicopters (between 60 and 70 million kronor each) for rapid intervention and armed counteraction.
3. Two coastal corvettes (200 million kronor each) for endurance and armed counteraction.
4. Two mine clearance ships (120 million kronor each) for monitoring the archipelago areas.
5. One submarine (300 million kronor) for maintaining continuous contact.

A force like the above costs about 1 billion kronor. To be able to intervene in two places at once and maintain reasonable endurance, three such forces are needed. This means that the navy should be provided with about 3 billion kronor with which to build up a deterrent antisubmarine capability.

Results in 1985

Procurement of search and weapons equipment for existing vessels and helicopters is currently underway. That procurement will take about a year and should be complete in the summer of 1984. Personnel must then be trained, and that will also take about a year. This means that measures adopted in 1983 will produce their effect in 1985. These steps are being taken as part of the so-called "200 package" that resulted from the Submarine 137 incident in 1981.

Part of the antisubmarine force described above is already on order or being tested.

1. Tests are underway with the antisubmarine aircraft. They will be completed this fall.

2. The conversion of three helicopters for antisubmarine duties is underway. Completion is expected in 1985. We already have seven, and four more will probably be converted, giving us a total of 14.

3. Two coastal corvettes are under construction. They will be delivered in 1984 and 1985.

4. Two mine clearance ships are under construction, and they will be delivered sometime in 1984. Four more will probably be ordered during the fall of 1983.

5. Four submarines are under construction. They will be delivered during the second half of the 1980's.

What we need is for four more coastal corvettes, four more mine clearance ships, and four more helicopters to be ordered (or converted). That will require between 250 and 300 million kronor per year over a period of 5 years. We will then be able to deter foreign submarines by around the end of the 1980's. Until then, we must work according to Kajsa Warg's dictum: "One makes the best of what one has."

Trifling Sum

The 250 million kronor that have figured in the debate were suggested by the Submarine Committee. It had to propose measures that would be within the Armed Forces budget. It could not find any areas from which to take the money, so it chose a trifling sum (1 day's budget deficit) that could easily be made available for the antisubmarine function outside the defense budget. But 250 million kronor is totally insufficient for rebuilding a dismantled defense function. As I showed above, 10 times that amount would be the proper figure.

How much we are willing to pay can only be decided if we weigh the economic, political, and human cost of the alternatives outlined by Ake Sparring.

1. Perhaps the Swedish people feel that foreign submarines should be allowed to appear in Swedish territorial waters: in the archipelagos and harbors. In that case, we should discontinue the measures that we are, in fact, putting into effect now.

2. Perhaps the Swedish people feel that what we are doing is just about right. If so, then sooner or later we are going to discover a foreign submarine and put it out of action. That may endanger Swedish lives as well as those of the intruding power's people. In that case, we should continue on our present course, which will be slow in producing results.

3. Perhaps, after all, the Swedish people feel that deterrence is better so that the submarine incidents will cease as soon as possible. In that case, we should pay out between 250 and 300 million kronor per year over the next 5 years to build up antisubmarine forces that will really be dangerous to foreign submarines in peacetime as well as in wartime. With that sum, new ship construction and the procurement of antisubmarine materiel can be speeded up very considerably.

Proof of Defense Capability

To understand how serious the situation is, we can pose a couple of questions that so far have remained hypothetical:

What steps would we take if foreign bombers flew through Swedish airspace time after time without dropping bombs?

What steps would we take if foreign soldiers landed on Swedish soil from helicopters and then went away after engaging in exercises of one kind or another?

The submarine intrusions are a test of Sweden's will to resist and of its defense capability. So far, neither our will nor our capability is impressive despite the sacrifices being made by the personnel engaged in antisubmarine missions.

Defense Committee Chairman Hits Planning

Stockholm SVENSKA DAGBLADET in Swedish 1 Aug 83 p 7

[Article by Roger Magnergard]

[Text] Soren--The incident in Tore Bay is extremely serious. It shows that a foreign power is willing to take big risks to obtain information about Norrland's inner archipelago--in preparation for a possible troop landing in the future.

So says Member of Parliament Per Petersson (Conservative), chairman of the Defense Committee. The log barrier and the pontoons lie 36 miles as the crow flies from the bridge marking the entrance to his farm in Gaddvik near Lulea.

On Sunday, together with SVENSKA DAGBLADET, he was out inspecting the barrier in the channel.

"No One Gets Out"

"Here no one gets out without being seen," he said contentedly as the north wind blew salt spray over him in the open motorboat.

Per Petersson says it is the Social Democrats who are chiefly responsible for the fact that the Armed Forces have difficulty locating intruding submarines and forcing them to surface.

"They have taken 100 million kronor away from the Armed Forces since they came to power in 1982. For the coming 5-year period, the Social Democrats have declared that they intend to cut back an additional 200 million kronor per year.

"The Armed Forces work with long-term plans, and with even less money at their disposal, they will have little chance of redistributing resources to meet the new requirements for antisubmarine measures."

Per Petersson wants to see to it that in the first place, the Armed Forces will be allowed to keep the money they were given under the 1982 defense decision. If new requirements arise, the extra money should be made available.

"The risks to northern Sweden have increased in recent years. The Scandinavian Shield is becoming increasingly important to the big powers.

"If our neutrality is to be credible, we must at least be able to repel intruding submarines in an effective way."

Per Petersson stays constantly informed about the situation in Tore Bay. Last Tuesday he was in the area for the first time--to familiarize himself with the situation on the spot.

"There is no doubt that a submarine has been in the area. It is considered highly probable that it is still there."

But he did not want to say how great that probability was.

Petersson has his personal opinion as to why submarines are continuing to violate our territory despite the government's statement that it is prepared to use tougher methods after 1 July this year.

"I believe they are investigating the possibilities for navigation--figuring out how they will be able to pilot larger vessels and possibly landing ships to shore.

"But I don't believe they intend to make use of that knowledge at the moment. They want to be ready in case things heat up."

Petersson declines to speculate as to which country the foreign submarine is from.

"We know that the submarine in Karlskrona came from the Soviet Union and that the intrusions in Hars Bay were the work of vessels from the same country. The origin of the one that was or is here is something we can only guess at for now.

"Quite honestly, I was surprised when I got the first report on observations in Tore Bay. I thought the coast here was too difficult and dangerous for submarines to enter."

Photo of Possible Soviet Minisub

Stockholm SVENSKA DAGBLADET in Swedish 2 Aug 83 p 7

[Text] During a military parade in Murmansk, a Swedish private citizen took a picture of what may be a Soviet minisub. The picture, which is regarded as very interesting, is now being examined by Swedish submarine experts.

The analysis group set up by the supreme commander of the Armed Forces in connection with submarine searches is now stationed in Lulea, where it has studied

the photograph. Almost all the work done by the analysis group is classified as secret.

Comdr Bjorn Hernefeldt told SVENSKA DAGBLADET: "The photo is interesting. I cannot make any further comment."

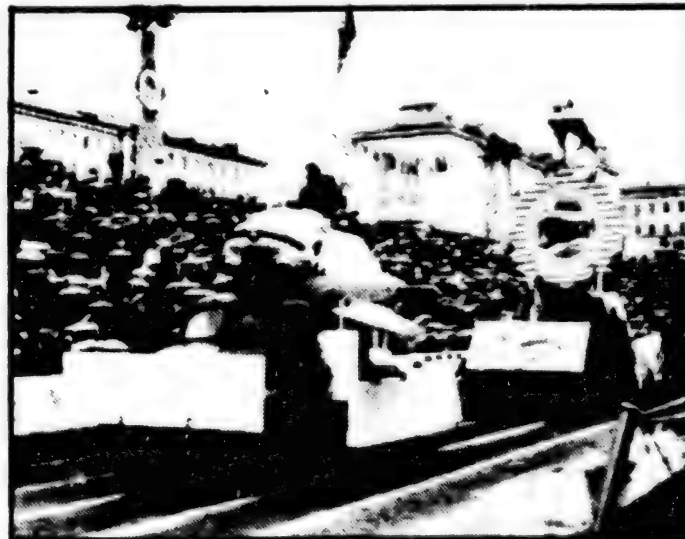
It is clear, however, that the vessel is about 6 meters long. Judging from the photo, it is painted white and gray and has a keel adapted for towing under the hull.

The Soviet military journal MATERIEL AND ARMAMENT describes Soviet military minisubs as follows:

A minisub is equipped to take part in the pursuit of larger vessels, take action against ships, land saboteurs on shore, lay mines, and inspect military installations.

If a Soviet minisub actually is confined in Tore Bay now, it is not necessarily a submarine of this type.

The truck carrying the vessel also bore a sign reading "Polar Research Institute for Ocean Fishing and Oceanography." The institute is named for N. M. Knipovich.



The vessel which may be a Soviet minisub on parade in Murmansk. But the sign on the truck carries an acronym meaning "Polar Research Institute for Ocean Fishing and Oceanography." The institute is named for N. M. Knipovich.

ISSUES INVOLVED IN DANISH, SWEDISH KATTEGAT DISPUTE AIRED

Copenhagen BERLINGSKE AFTEN in Danish 5-11 Aug 83 pp 1, 10

[Article by Martin Burcharth]

[Text] This week Swedish Social Democratic Prime Minister Olof Palme complained to Prime Minister Poul Schluter because one of the A. P. Moller drilling platforms has begun exploratory drilling for oil northeast of Hesselo. Behind this protest lies an extremely complicated judicial problem concerning the drawing of boundaries in Kattegat, which could end up before the International Court in The Hague or be decided by a court of arbitration made up of one expert from each country plus an impartial third party.

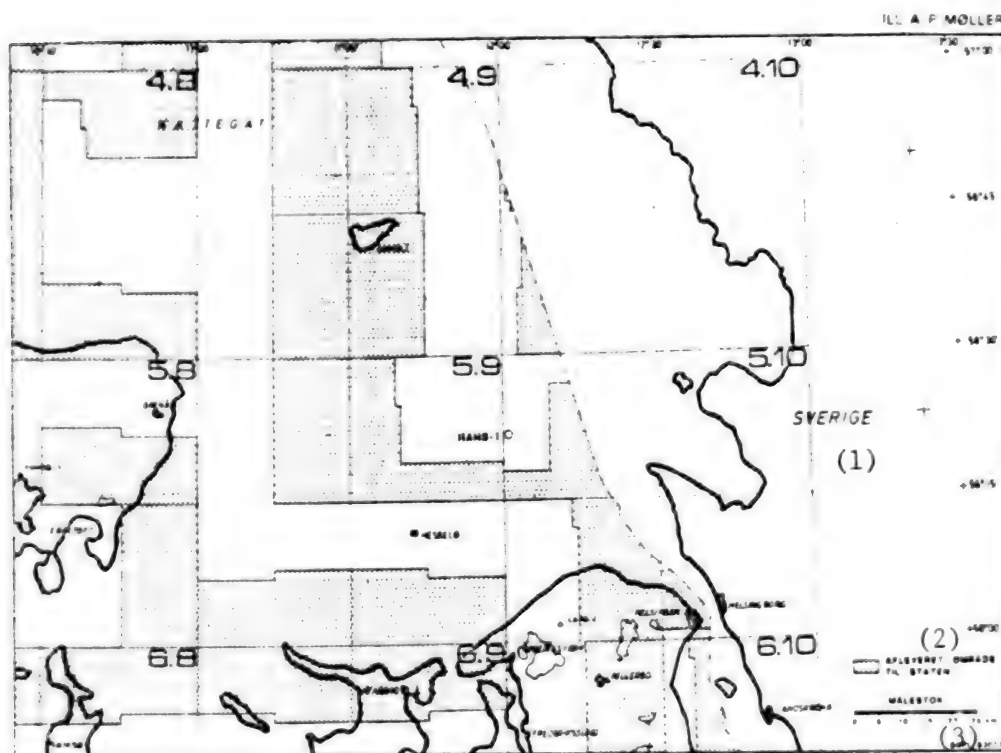
The importance of the permanent residence of two Danish citizens on one of the nation's probably most controversial islands through the ages has led the Danish and Swedish governments to come to blows this summer--but not before one of the A. P. Moller drilling platforms in the North Sea was given the green light to head for Kattegat in the search for oil.

Just before "Maersk Explorer" arrived Tuesday at an area 25 kilometers northeast of Hesselo, which belongs to Denmark, and 40 kilometers northwest of Sweden's Kullen, Swedish Prime Minister Olof Palme released the text of a personal letter he had sent to Prime Minister Poul Schluter on 22 July. The letter contained an appeal to the Danish government to halt exploratory drilling. A delay in the mail system prevented the letter from arriving before Palme released the text publicly, but acting Prime Minister Henning Christophersen made it clear shortly after Palme's action that the drilling would continue and that the government has no plans to accommodate the Swedish request.

This led to a certain amount of tension about the exploratory drilling. Among other things, the daily paper BT wrote in an editorial that "Palme is suffering from the heat," and ended: "Hands off, Palme." The publication itself gave rise to some speculation. A Swedish message from the

middle of June to which Palme called Schluter's attention "with some emphasis" in his letter of 22 July was not formulated as a protest note and until Monday it seemed to indicate that the two Nordic brother countries had decided to keep a low profile until the forthcoming talks on drawing the Kattegat boundary are held in October.

Both the Danish response to Palme's letter, which reached its destination sometime yesterday, and Swedish Ambassador Claes Wollin's public reaction give the same impression. Denmark steadfastly refuses to stop the drilling, but would be glad to talk about drawing the boundary line, according to the reply to Palme and the first contacts between the two foreign ministries have already been scheduled for the 31st of this month.



The dotted areas show the territory turned over to the state by A. P. Møller.

Key:

- | | |
|-----------|----------------------------------|
| 1. Sweden | 2. Area turned over to the state |
| 3. Scale | |

Complicated Affair

Ocean rights experts on both sides of the Oresund point out that the dispute over dividing the continental shelf in Kattegat between Denmark and Sweden dates back a long time and that earlier rounds of negotiations have stranded due to the two countries' differing interpretations of the provisions of ocean rights conventions. In the Danish Foreign Ministry and its Swedish counterpart, they also stress the "unfortunate" aspect that in the past the negotiations have been conducted through the press.

This has now led both sides to refuse to announce their basis for negotiation in detail, much less to say anything about the chances for a compromise. Both Sweden and Denmark are prepared to bring the conflict to the International Court in The Hague or to decide it by appointing a court of arbitration in which experts from both countries and an impartial third party would participate. "After all we are civilized nations and can decide this through arbitration," a source in the Swedish Foreign Ministry remarked.

A number of Swedish and Danish experts in international law and the law of the sea have told this paper that drawing a boundary line between Denmark and Sweden in Kattegat is extremely complicated, because the 1958 International Law of the Sea, which both countries ratified, merely recommends negotiations between two nations if they share a continental shelf and their coastlines lie across from each other. In Kattegat the problem is that Denmark believes the shelf should be divided according to a base line drawn from Skagen in the north over the islands of Laeso, Anholt and Hesselø to Gilbjerg Head in the south. The Swedes, on the other hand, maintain that the use of such a base line, which according to the convention should be the starting point for drawing the midline between the territorial waters of the two countries, would give Denmark about three-quarters of Kattegat's exploitable natural underground resources.

"Denmark is trying to appear as an island kingdom, in the same style as Indonesia, in order to include almost unpopulated islands in drawing a midline," said a Swedish ocean rights expert. "But Denmark is not an island kingdom," he said.

Denmark's possible advantage from maintaining the importance of its many islands in drawing the boundary lies in the fact that the final document from the UN Law of the Sea Conference last year permits island nations to include all their inhabited islands in drawing boundary lines. But neither Denmark nor Sweden has ratified this new Law of the Sea Convention, which will not go into effect until 60 nations have ratified it. So far, only six nations have signed it. This means that Sweden can simply reject the argument if Denmark brings it up during the negotiations.

On the other hand, the Swedes would like to use a provision in the new Law of the Sea Convention that says an island can be included in drawing boundaries only if it has an independent economy. The Swedes do not think that

a lighthouse keeper on Hesselø represents an independent economy, while the approximately 50,000 inhabitants of Sweden's new oil island, Gotland, obviously have a developed economic life. But here the Danes can also point out that Folketing has not ratified the new Law of the Sea Convention.

To make things even more complicated, certain parts of the convention have acquired the force of current international law, even though the body of laws itself has not yet gone into effect. This is the case, for example, with provisions on dividing up fishing zones, according to Danish experts in the field at the Judicial Institute in Copenhagen. Thus there is agreement on both sides that one cannot automatically reject the validity of the new convention.

"The state of the law in this area is so diffuse that both Sweden and Denmark have good legal arguments on their side," said the Swedish expert in the law of the sea from the Stockholm Foreign Policy Institute. "There are so many elastic clauses in the conventions that this issue has now become purely political," he said.

The main reason why politics has entered into the division of Kattegat, of course, is the possibility of finding oil in the Hans I field northeast of Hesselø. When Denmark and Sweden talked about drawing a boundary line in those waters in 1978, the geologists' study of the ocean floor's structure and its possible content of hydrocarbons was not nearly as advanced as it is now. "It was not an acute problem then," said well-informed Swedish sources. But of course it could be now if the Danish Underground Consortium and A. P. Møller find sizable amounts of oil.

Although there is absolutely no certainty that "Maersk Explorer" will find enough oil to start daily production, the Swedes have taken exception to the fact that the oil drilling was begun without consulting them. The Swedish government feels talks should have been held on ownership rights in the area before the Danish oil explorations began. But a Danish expert in international law says that if the Danish government is "dead certain" that it has right on its side, there is no reason to offer to continue the 1978 negotiations before test drilling begins. "There is nothing in international law that says we have to continue negotiating," he pointed out.

The Danish expert, who wished to remain anonymous, added that it is important for current law that Denmark operate with a fixed base line instead of a fluid situation in which no country knows for certain where the Danish territorial waters begin. But at the same time he emphasized that it is debatable whether Hesselø should be a fixed point on that line.

Although the Swedish government is dissatisfied that the Danish Energy Board did not hesitate to give DUC [Danish Underground Consortium] permission to conduct exploratory drilling in Kattegat, Swedish Petroleum has no corresponding plans to look for oil. The Swedes are waiting for the results of A. P. Møller's work, according to Swedish Petroleum information chief Margaretha Andersson.

"We have looked at these areas in the past and at that time we did not find enough indications that oil was there to want to invest in test drilling for oil," said Margaretha Andersson. At this time, Swedish Petroleum is concentrating on "onshore" oil drilling in Gotland, which in 1982 yielded 16,000 cubic meters of oil, enough to give a profit. The company is also planning to drill in the Baltic Sea, where a boundary line between Swedish and Soviet territorial waters has not yet been drawn.

A ramification of the Hesselo affair is the entire question of environmental protection in the event of an oil find. Here Denmark and the other Scandinavian countries adopted a Nordic environmental protection convention in 1976, which commits each country to inform another if there is a risk of environmental problems arising in connection with oil drilling, for example. Considering the location of the Hans I field, close to the coast of Sweden, and the possibility of oil spills, the Danish Environmental Agency is obliged to orient the Swedish agency of the environmental protection requirements imposed on A. P. Moller. This was done in a report dated 20 July, about a month after the Energy Board granted permission for the exploratory drilling.

Folketing member Margrethe Auken (Socialist People's Party) feels that Denmark has violated the Nordic environmental protection convention by having sent this report to the Swedish authorities at such a late date. "This whole matter has been rushed through so that A. P. Moller could begin the exploratory drilling as quickly as possible," said Auken. She added that in her opinion the Swedes had reminded the Danes of the convention's provisions in order to postpone the Danish search for oil north of Hesselo. "The Swedes are not afraid of oil pollution," she said.

But assistant director Jorgen Henningsen of the Environmental Agency says that the whole affair is a tempest in a teapot. "Both I and my Swedish colleague, Ulf Henninger, are a little unhappy about the fuss in the Danish and Swedish press about Denmark's violation of the environmental protection convention. We have not fallen out with Sweden over this matter," he said.

Background Documentation

The Convention on the Continental Shelf was signed on 29 April 1958 at a United Nations conference in Geneva. It was ratified by the Danish Folketing on 31 May 1963. It was published as a government proclamation in LOVTIDENDE C on 5 July 1963.

Article 6, Paragraph 1: "Where the same continental shelf borders on territories belonging to two or more nations whose coastlines lie across from each other the borderline of the continental shelf belonging to such nations should be determined by mutual agreement. In the absence of such an agreement and unless a different borderline is justified by special circumstances, the borderline is the midline that is an equal distance at each point from the closest points on the base lines from which the extent of the outermost territorial waters of each state is measured."

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CSO: 3613/176

BRIEFS

ALGAE GROWN IN WATER--"If the deplorable trend toward pollution of our sea water is to be halted, we must consider a better way of purifying our waste water. This applies among other things to the illegal discharge of waste water." Arne Nielsen, head of the Environmental Agency's Ocean Pollution Laboratory, says the hazardous substances should be removed before waste water is discharged. "We should take a closer look at our waste treatment policy, but we are not talking about nickels, we are talking about billions of kroner." In recent years, more new and poisonous types of algae have been found in Danish waters. A tendency that disturbs marine biologists and pollution experts, because it leads to the death of many fish, among other things. There are many complex reasons for this. The leaching of nitrogen from the soil is thought to play an important role, but we must add to that an increased amount of nitrogen from the atmosphere and from waste water. Atmospheric nitrogen content has doubled over the last 20 years, for example. [By Merete Wilkenschildt] [Excerpt] [Copenhagen BERLINGSKE TIDENDE in Danish 7 Aug 83 p 3] 6578

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